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Management Record

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• In the Record •

Incentive Bonuses for Executives

Most companies seem to agree that the primary purpose of an incentive bonus plan is to reward an executive on the basis of his individual contribution to the company's profits. But when it comes to other aspects of these plans, variation rather than uniformity is the order, according to an analysis made by The Conference Board.

For instance, consider the question of who is eligible for a bonus. In one plan, only the president and vice-presidents qualify for consideration. In another, eligibility extends from top management to the supervisors and technicians in the factories.

Then there is the matter of determining who will actually *get* a bonus in any particular year. This decision is generally made by the administrative committee, but the basis for it varies considerably. Also, how much is each award to be? And will it be paid in cash or in stock, or in some combination of the two? Finally, *when* will it be paid?

The article starting on the next page takes up all these questions, and presents a variety of answers, based on an analysis of sixty-two incentive bonus plans for executives.

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Marquis of Queensberry Rules for Strikes

According to the "Encyclopedia Britannica," the sport of modern boxing dates from 1866. At that time, a code of laws was drawn up in England to eliminate the brutality and unfairness of professional "bruisers," which had come to disgust the public. These laws were known as the Marquis of Queensberry rules.

Perhaps one would not ordinarily think of boxing as having much to do with industrial disputes. And yet the bitterness and destruction attending some strikes have not only disgusted the public but sometimes have permanently damaged the company and the union. All this might have been avoided if a few basic rules governing conduct during a strike had been agreed to by both parties beforehand.

Starting on page 85, the "Marquis of Queensberry Rules for Strikes" are given. Many experienced labor relations people believe that if union leaders and management can agree on all or some of these rules, the worst kind of strikes will be eliminated.

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AFL-CIO Organizing Potential—Some Appraisals

Four men, all intimately acquainted with the labor field, have given their views on the outcome of the much heralded AFL-CIO organizing drive. It's a three-to-one split, but even the three who agree approach the question from rather different vantages. And the one who stands alone parades an array of facts and figures to back up his opinion that the new federation will not have much success in its organizing activity. You'll find this article on page 87.

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The New White Collar Unionization Drive

White collar workers represent almost a quarter of the total labor force in this country. But out of these 15 million workers, only 2.75 million have been organized into labor unions. And although there have been several attempts to organize them in the past, they have met with little success.

But now we have one big labor federation—the AFL-CIO. And in announcing a new organizing drive, the merged federation has singled out the white collar field for special action. Will these workers respond? Will white collar people lose their traditional distaste for unionization?

It is true that during the past twenty-five years, white collar workers have lost their economic advantage to the blue-shirted production workers. And with this loss, their prestige has also tended to disappear. In the Round Table starting on page 89, labor spokesmen stress these changes. But, as the management side points out, there are other factors involved. In banking, for instance, the close relationship between management and salaried employees and the predominance of small offices are not situations conducive to extensive unionization.

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1956 Wage and Price Trends Follow '55 Pattern

January statistics on consumer prices and wage and salary adjustments compiled by The Conference Board suggest a continuation of last year's trends. Prices for the goods and services that make up the cost of living package are pushing gently upward, despite the weakness in farm prices.

Raises for both blue and white collar workers continue to constitute the order of the day. And the "standard" upward adjustment is running well above the nickel-an-hour raise which was so prevalent a year ago. Furthermore, the deferred raises are increasingly popular, with industry committing itself further and further into the future.

A detailed discussion of individual wage adjustments and consumer price changes can be found in the articles beginning on pages 107 and 111.

Incentive Bonuses for Executives

Who is eligible for such a bonus, who actually receives it, and the form and frequency of the payments are all considered in this comprehensive analysis of sixty-two incentive bonus plans

THE VARIOUS FORMS that extra compensation takes all have their own aims or goals. For instance, so long as taxes remain "inevitable," the use of a "tax gimmick" form of compensation, such as profit sharing trusts,[1] will continue to be a popular means of alleviating certain executive compensation problems. Also so long as companies continue in their efforts to stimulate executives and managers to focus their attention on increasing corporate profits, incentive bonuses will remain an important factor in executive compensation plans. For the primary purpose of the incentive bonus is to relate an executive's extra pay directly to his personal contribution to the company's present profit status.

Companies using the incentive bonus form of compensation believe their plans help to develop better executives and managers at all levels. Each year at bonus time, participants in the plan can be evaluated for both their weaknesses and their strong points as members of the management team. And this is an excellent opportunity to discuss with each participant his major operating problems of the year, his contribution to corporate profits and his prospects for growth in the organization.

OBJECTIVES OF INCENTIVE BONUSES

The objectives or purposes of executive incentives are clearly stated in fifty-four of the sixty-two plans analyzed by The Conference Board. Generally, the purpose is given as "providing an incentive or reward for contributing to profitable management." Several of the plans also outline other purposes to be served such as (a) providing an incentive for loyal, earnest and industrious service, (b) encouraging initiative, resourcefulness and efficiency, (c) attracting and holding employees with "unusual minds," (d) providing an incentive to protect and advance the interests of the company, and (e) providing rewards for meritorious service. Also, in one way or another, almost all the plans stress the interests and welfare of stockholders.

The following abstracts of definition of purpose from selected plans illustrate the unanimity in objectives:

- *Electrical equipment manufacturer*—To provide a means of paying incentive compensation, in addition to salaries, to employees in managerial and other important positions who contribute materially to the company's success by their ability, ingenuity and interest.
- *Food processor*—To promote the interests of stockholders and the security of employees by providing an incentive to those who contribute most to the company's earning power.
- *Industrial equipment manufacturer*—To maximize profits. To control employment of capital at levels providing the optimum relationship between investment and rate of return. To reward executives in proportion to each one's performance in operations over which he exercises direct influence and control. To give equitable recognition to the interests of stockholders and executives in determining bonus payments.
- *Chemical manufacturer*—To reward employees with additional compensation for contributing in an unusual way to the company's success by their inventions, ability, industry and loyalty and to further employees' interest in the company as stockholders by virtue of making such awards in common stock or cash to be invested in stock.
- *Aircraft builder*—To provide further incentive to employees to promote success and strengthen the profits of the company by giving extra pay for more than normal services with the following intent: (a) encouraging a profit viewpoint on the part of the management group, (b) stimulating attitudes that result in increased interorganizational cooperation, (c) encouraging qualified personnel to remain with the company, and (d) improving the company's opportunity to attract new managerial talent.
- *Pharmaceutical manufacturer*—To promote the interests of stockholders by making incentive payments to executives and managerial personnel who contribute most to the operating progress and earning power of the company.

However, by virtue of special and extensive provisions in many plans, their scope is wider than is other-

[1] Profit-sharing trusts cover selected executives whether or not they contribute to corporate profits, and provide a degree of security in case of disability, at time of retirement or in payments to beneficiaries in case of death. These deferred benefits contrast directly with the current benefits of annual incentive bonuses.

wise indicated by the objectives. For example, a heavy equipment manufacturing company states that participation in its plan is according to positions designated on company organization charts. The company believes that knowledge of the possibility of extra compensation in these particular positions stimulates employees to aspire to them. Another company emphasizes the effects that low operating costs have on the size of the bonus fund. This fact is brought home to participants in the president's annual letter of transmittal. Excerpts from a letter covering the 1954 bonus are given here:

"One of the genuine joys . . . is the opportunity to share our company's success with you through the profit-sharing bonus. Some companies are reluctant to mention the word 'profits' outside of the boardroom but, as I have said many times, our security as individual employees depends upon company profits.

"During 1954 . . . [the company] met a severe economic test. During the early months, there was much competitive dumping of distress . . . stocks, and our sales volume fell off sharply. To counter these unfavorable forces, we made several model changes in record time and increased our advertising and sales promotion activities. . . . The success of this campaign has brought sales back to a satisfactory level in the fourth quarter.

"However, increased selling expenses and the heavy cost of bringing out new models had an adverse effect on net profits before taxes, which is the base on which the bonus is computed. On the other hand, the amount available for distribution in the bonus pool is greater than it might have been because of our intensive drive to control and reduce operating costs."

DETERMINING ELIGIBILITY

While there is considerable similarity among companies as to the purposes of incentive bonus plans, who is eligible to receive bonus awards varies greatly from plan to plan. For example, there is a wide gap between the plan of a tobacco products manufacturer whose corporate bylaws limit participation to its president and five vice-presidents and the plan of an agricultural equipment manufacturer that covers approximately 9,700 managerial employees — ranging from the principal management group to supervisors in the factories and sales districts and nonsupervisory specialists and technicians. The importance attached to determining eligibility perhaps ranks second only to the accounting standards adopted for computing the bonus fund and protecting stockholders.[1] Although conceptually, any form of incentive compensation plan is designed to reward the proper employees.

Plans set up to cover specific individuals by title or name, while in the minority, simplify eligibility determination. The plan of the tobacco products manufacturer referred to above is typical of the plans that single out participants. This plan, originally adopted in 1912, and seven others out of the group of sixty-two designate participation as follows:

Plan a—President and five vice-presidents

Plan b—Chairman of the board, vice-chairman of the board, president and executive vice-president

Plan c—President and vice-presidents

Plan d—Executive officers and fourteen department heads

Plan e—Vice-presidents, secretary and assistant to the president in charge of industrial relations

Plan f—Executive officers

Plan g—Twelve officers

Plan h—Directors and corporate officers excluding the president

Although plans e and h above exclude the president, in both cases he receives incentive compensation as provided for in an employment agreement. Such agreements, covering named individuals in bilateral contracts, are not being considered here.

The remaining fifty-four plans cover groups of employees, with eligibility being defined in somewhat broad terms. In some instances the definitions appear to be indeterminate. Group plan beneficiaries are identified by occupational grouping, organizational level, title or salary rate. And length of service is frequently an additional qualification in determining eligibility. However, one plan uses length of service as the only criterion. And another plan uses ownership of the company's common stock as a basis for eligibility. General provisions governing eligibility in the fifty-four plans can be divided into the following dozen categories:

Eligibility Determination	*No. of Plans*
Officers, executives and key employees	18
Officers and employees in executive, administrative, supervisory, technical and other responsible positions	13
Monthly salary rate	6
Annual salary rate	5
Major managerial employees and officers	5
Officers, executives and "ready-to-manage" employees	1
Officers and employees, who are not directors, as selected by the committee	1
Officers, heads of departments, foremen and supervisors	1
"Valuable" employees	1
Officers and salaried employees with a minimum of one year's service	1
Employees with a minimum of two years' service	1
Officers and employees owning common stock	1

Fifty-seven of the sixty-two plans are administered by a committee of two or more executives who are members of the board of directors and/or directors who are not eligible to participate in the plan. The five plans making no provision for committee administra-

[1] See "Computing the Executive Bonus Fund," *Management Record*, October, 1955, p. 390.

tion are among the eight which cover specific individuals.

SHARING IN THE BONUS FUND

Although eligible for coverage by the bonus plan, an employee still has no guarantee of sharing in the annual bonus fund. The authority to determine who among the eligibles shall receive awards is delegated to the committee members responsible for administering the plan. The primary purpose of delegating this power to the committee is to avoid litigation in the courts for abrogating contracts with employees.[1] Participation in the fund one year is no assurance that eligible employees will participate in the following year.

Many companies with incentive bonus plans have also adopted stock option plans as another means of supplementing base salaries. In some cases, employees eligible for both plans do not receive an annual bonus award in any year that they are granted stock options. However, failure to exercise the right to purchase any or all stock under option does not bar participation in bonus awards in future years. The following abstracts indicate variations in the degree of authority vested in the committee to administer a company plan:

- *Electronics manufacturer*—The committee selects from the group of eligibles those who shall actually participate each year; it also determines the size of the award each receives. Participation is determined by considering each eligible employee's position, responsibilities and accomplishments and the performance level of his division or department under existing circumstances. In making final selections, the committee gives weight to recommendations received from division managers or department heads.
- *Chemical manufacturer*—The committee is authorized to establish the monthly salary rate each year which is the qualification for eligibility. However, the committee can, in special situations, designate employees earning less than the established rate as being eligible. Eligible employees, while serving on the committee, may not participate in the plan. The committee cannot make an award to any eligible employee who has been granted stock options during the calendar year.
- *Industrial equipment manufacturer*—The committee selects participants and divides them into three groups: (a) corporate executives, (b) producing division executives, and (c) field, branch and district sales executives. Membership in each group is based on position titles instead of executives' names. The committee is authorized to determine initial group membership, and from time to time delete or add position titles at its own discretion.
- *Building equipment manufacturer*—The determination of who may participate in any year and the amount of each allotment is left absolutely to the discretion of the committee. It also has the plenary power to settle any disputes that arise.
- *Auto manufacturer*—The committee has sole discretion for establishing the minimum annual salary, which is the only qualification for eligibility. The committee selects participants from among those who are eligible and who have been recommended by the president. The committee acts directly without recommendations on participation of those employees who are also members of the board of directors or members of the financial policy committee or operations policy committee of the corporate organization.

With a committee being empowered to make the final selections for each year's awards, the number of recipients often varies appreciably from year to year, even though there is little or no change in the number of eligibles. An appliance manufacturer adopted a plan in 1947 which covers all employees with one or more years of service who receive no other form of extra pay—such as overtime premiums, night bonuses, cash awards for suggestions and commission on sales or service. While the number of eligibles remained fairly stable during the first five years that this plan was in operation, the number of participants varied considerably, with 142 in 1947, 178 in 1948, 130 in 1949, 199 in 1950 and 187 in 1951. Flexibility in participation is to the advantage of the company as well as to eligible employees.

DISTRIBUTION OF BONUS FUND

While a majority of the plans contain provisions empowering the committee to decide on the amount of the individual awards, others define what percentage of the total available fund shall be distributed to individuals or groups. For example, the plan of the tobacco products manufacturer states that the president's share is 20% of the total fund, with each of the five vice-presidents sharing equally in the balance of 80%—or 16% each. The plan of a durable goods manufacturer provides that the sum of the individual amounts awarded by the committee to the eight officers named is not to exceed 35% of the total fund, while the balance of 65% is to be awarded to all other participants.

Another method of distributing the bonus fund is to establish two funds, with different requirements governing eligibility in each. A consumer goods manufacturer has a plan providing for two groups, identified as "A" and "B." Eligibles of group A include five senior officers and seven divisional sales managers. Other officers and middle management executives are eligible for group B. Changes or additions to the group A list of eligibles can only be made by the board of directors. Additions or deletions for group B are made by the committee during the first calendar quarter of each year. Eligibles of group A must have a

(Continued on page 102)

[1] Washington and Rothschild, "Compensating the Corporate Executive," The Ronald Press, New York, New York, 1951.

Marquis of Queensberry Rules for Strikes

If the following rules are agreed to by the company and the union, delays in production can be avoided once a strike is settled

THE WORST KIND of strike for management and union alike is one that shuts down the plant—permanently. Such strikes are never meant to turn out the way they do. They are worse than mistakes, they are tragic blunders.

A Conference Board study of ninety-two strikes indicates that to avoid such catastrophes, experienced management and union leaders *jointly take steps before and during a strike* to make certain that the plant can resume operations immediately after the strike ends. In most cases, these "Marquis of Queensberry" rules for the conduct of a strike are not written down, but are more in the way of a spoken agreement. Under these rules, management and labor agree to one or more of the following:

1. Perishable work in process will continue to the end of the production cycle before workers walk out on strike.

In certain industries, such as basic steel, cement and abrasives, it is vitally necessary that work in process be completed and that furnaces or kilns be banked or fired on a stand-by basis. Unions have learned to their sorrow that workers in such industries cannot just walk off the job without grave consequences. During the "little steel" strikes of the 1930's, for example, in some plants all the workers walked out without taking time to bank the steel furnaces. And their mass picket lines were often so effective that no one was able to get into a plant to do the necessary job. As a result, steel furnaces froze. Then, when the strike ended, the men's return to work was delayed from two to ten months while the steel furnaces were being repaired. Lack of foresight on the part of the strikers made it an extremely expensive strike for management and labor alike.

One of the relatively rare cases where an agreement to complete work in process before striking appears in writing is the following clause from an AFL contract:

> "The union recognizes that the company is engaged in a business involving a process in which stoppage of work while materials are in process will involve a serious and irreparable loss to the company, not only of the materials in process, but of the machinery and equipment which are used in the process.
>
> "It is agreed that the continuity of operations and completion of work on all perishable materials in transit, on hand, or started in the manufacturing or in process, is to be the first consideration of both parties. Because of the perishable nature of glue-stock materials that may be in transit, on hand, or in process and because of the laws and requirements of the State of Pennsylvania and the City of Philadelphia Department of Health, the union agrees that in the event of a strike at the company's plant, the union shall provide employees to work through the manufacturing process of said perishable glue-stock during any such strike."

2. Vitally needed maintenance employees who are members of the union and who ordinarily would go out on strike will be permitted to remain at work during the strike.

Unions have also learned the necessity of making this arrangement through bitter experience. And one of the first unions to recognize this was the United Mine Workers of America. Since the turn of the century, the tradition in this industry has been that during a strike some union members must stay on the job and man the pumps. Otherwise the mines would be flooded and perhaps never reopen. During a rather recent automobile strike, the strikers at one plant did not permit the necessary maintenance men through the picket lines. As a result, pipes froze and burst. And the return to work at the strike's end was delayed in some sections of the plant.

THE CONFERENCE BOARD study indicates that arrangements with the striking union to continue vital maintenance work are the rule rather than the exception. They occurred in fifty of the ninety-two strikes studied. In most cases, the arrangements were made at the local level and were verbal. In a few cases, however, they are written out and appear in the union contract. An example is the clause in a midwestern mine company's contract with the independent Mine, Mill and Smelter Workers Union:

> "Protection of Property: In the case of suspension of work due to a strike, the employees required to keep the plant in shape and protect it shall remain at work. Hoistmen shall raise and lower those men needed to operate pumps and to make emergency repairs to shafts or underground machinery but shall not be required to hoist ore.
>
> "Men covered by this agreement who are to be retained shall be agreed upon prior to suspension of work. The rates to be paid for such work are to be those in force at the time."

3. Plant protection forces will be permitted to cross picket lines.

Union leaders often feel that the job of plant guards, watchmen and other plant protection workers is, in the final analysis, to protect the workers' jobs. They don't want to see their members' jobs go up in smoke and flame because their pickets kept the protection force from doing its vital work. Therefore, in forty-eight of the ninety-two strikes studied, the union agreed that plant protection workers should remain on the job during a strike even though, in some cases, they were members of the striking union. An example of a clause covering this occurs in the United States Steel Company's contract with the AFL-CIO Steelworkers' union:

"The union recognizes that it is the responsibility of the plant protection employees to guard and protect the employees and their property while on plant property, and to guard and protect the plants, premises, material, facilities, and the property of the company at all times and under all circumstances. The union further agrees in the event of any controversy between the company and any other group or organization of its employees, resulting or threatening to result in any strike, stoppage of work, or other interference with production, that the plant protection employees will continue to report for duty, remain at their posts, and discharge their duties in the regular manner, and discharge such other plant protection duties as their supervisors may deem necessary and proper under such circumstances."

4. The union agrees to issue picket-line passes to maintenance workers, plant protection workers, supervisory forces and others doing vital work.

Picket-line passes are generally wallet-size cards of a distinctive color that entitle the bearer named thereon to cross picket lines and continue working during the strike. They are invariably signed by a union official. At first they were issued so that a member of the striking union could go through his own picket line to do vital maintenance and protection work. But through practice, their use has been extended to cover supervisors, company executives, and, in some cases, union and nonunion office workers who need to enter the struck plant.

Union-Management Agreements in Effect During Ninety-two Strikes

Type of Verbal or Written Agreement	*No. of Strike Situations in Which It Was Found*
Perishable work in process will be continued until finished	20
Vitally needed maintenance employees (generally members of striking union) will remain at work and be permitted to cross picket lines	50
Plant protection forces will be permitted to cross picket lines	48
Picket-line passes will be issued	23
"Raw material" already ordered will be delivered through picket lines	13
Union leaders will keep strikers from molesting or interfering with office force	34
Essential construction work will continue during strike	9

5. "Raw material" already ordered will be delivered through picket lines during a strike.

If a company is not attempting to operate a struck plant, the leaders of a striking union may agree to have "raw material" pass through their picket lines. The reason is that if they don't permit this, their union members may not have anything to work on after the strike is settled. To insure the delivery of raw material, these leaders sometimes make arrangements with other unions, particularly the Teamsters, for deliveries through their own picket lines.

This may be done by a notice to the other union's members by their own leaders. Or, the striking union may give picket-line passes to the truck drivers. Either arrangement prevents the possibility of union truck drivers refusing to cross picket lines to make deliveries and (the niceties of the legal question aside) returning the raw material.

6. Union leaders agree to see that strikers do not molest or interfere with the office force—executives, supervisors and clerical employees—going to and from work.

Aside from the legal and moral questions involved, union leaders often vigorously enforce the no-molestation rule because they believe that their union members gain three practical advantages from having the office force continue work during a strike:

1. The office force makes out the strikers' much-needed last pay check, which is usually paid several days after the strike begins.
2. The office force does the paper work necessary to make payments on whatever employee benefits the company may keep in force for striking employees, such as life insurance and Blue Cross.
3. The office force does much of the work necessary to secure new orders so that when the strike ends the men will have something to work on.

To assure the union that the office force is not doing work ordinarily done by striking workers, management sometimes agrees to the union sending in inspection teams to check.

7. Essential construction work on new plants, additions to present plants, and essential repairs will continue during the strike.

When union leaders agree to this arrangement, they do so for two reasons. First, they feel that preventing such construction work does not add to the strike's effectiveness. Second, they are often just as anxious as management to speed up the opening of a new plant, or an addition to a present plant, because they

feel that the workers hired for any new plant will mean increased membership for their union.

8. **A group of strikers will stand by on an around-the-clock basis in case they are needed for emergencies.**

This arrangement is peculiar to hazardous industries, such as oil, chemicals and gas.

In a recent strike against an oil refinery, a local of the Oil, Chemical and Atomic Workers Union, AFL-CIO, maintained a specialized stand-by force on an around-the-clock basis at strike headquarters, located a few minutes away from the refinery. The arrangement was that if an emergency developed, the refinery manager would call union headquarters on a direct wire. And the specialized stand-by crew could then race to the refinery.

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AFL-CIO Organizing Potential—Some Appraisals

ORGANIZING THE UNORGANIZED is one of the chief aims of the merged AFL-CIO. Indeed, the merger convention stated that "the trade union movement's objective in the years immediately ahead must be the doubling of union membership." And grand strategy is already in the making.

Of course, "organize the unorganized" is a perennial convention cliche. But will the merged federation give it greater substance this time?

At a recent meeting of THE CONFERENCE BOARD, four people close to labor union activities gave their views on this question. Three believe that AFL-CIO organizing will be successful. And their estimates of the extent of the success range from "very effective" to a probable gain of two or three million members. Only the fourth saw little chance of the AFL-CIO's organizing activity bringing many new members into the federation. The views of these four men will be briefly considered here.

O. A. Knight, president of the Oil, Chemical and Atomic Workers Union, believes organizing activities will be "enhanced" because of:

- Far greater pooling of resources than ever before for purposes of organizing.
- Creation of a special organizing department with a dynamic leader in the person of John W. Livingston.
- Elimination of jurisdictional conflict.

Mr. Knight sees the white collar field and the petroleum and chemical industries as offering great possibilities for union expansion.

Taking an opposite position, Daniel Bell, labor editor of *Fortune*, doubts that the AFL-CIO will have much success in its organizing activity. Mr. Bell holds that organized labor already represents about 30% of the organizable labor force and he sees little chance that the proportion will grow. His reasons for this fall into three categories:

1. The potential for union organizing is currently restricted to the roughly 45 million persons in the non-agricultural labor force who are not self-employed. Unions have already organized one out of three of this group, says Mr. Bell. And with the exception of the chemical, petroleum and textile industries they have pretty well organized every major business—particularly those with more than 1,000 employees. According to Mr. Bell, especially the unions in the mass production industries have practically reached a saturation point in organizing.

2. The fact that of the remaining two-thirds of the organizable employees sizable percentages in the petro-chemical, paper and telephone industries are already in independent unions creates another problem for the AFL-CIO. Independent unions such as those in the petro-chemical industries will be difficult to bring into the AFL-CIO, according to Mr. Bell, because they have little to gain by joining the new federation. But of even more importance, states Mr. Bell, is the fact that the unorganized employees are distributed in relatively small units, which will be very costly—possibly uneconomical—for the AFL-CIO to organize. And these small units that remain unorganized typify the white collar, trade, services, and finance fields.

3. The economic and political climate for organizing today is far different from what it was in the Thirties when unions doubled their size. Mr. Bell points out that management attitudes and practices have changed so that many employee problems have been settled. Also, present federal and state labor laws do not offer the same green light as did the Wagner Act.

Mr. Bell, in summing up, contends that union growth will depend more on technological shifts within the economy than on the unions organizing efforts. Certain unions will decline because the industries with which they bargain will decline; others will grow as the industries grow. But the growth will be accomplished by "blanketing" contract provisions (union shop, etc.) more often than by organizing activity. "I

would still place a bet," concludes Mr. Bell, "that labor unions will not go beyond 30% to 31% of the total wage and salary workers of this country."

Walter Gordon Merritt, often cited as dean of American labor lawyers, holds a different view. He suggests that during the past few years labor unions have "organized those already organized." But now, in switching to organizing the unorganized, Mr. Merritt believes that unification plus antiraiding pacts "should release energies, talent, and money for more effective proselyting."

Spelling this out in more detail, Mr. Merritt says: "The increased financial resources of this merged organization, the more effective direction of its propaganda, broader and better use of the more highly talented leaders at its disposal, and the selection and assignment to the particular areas under attack, together with the enthusiasm, prestige and moral momentum of the merger, are all factors which are likely to make their impact on the unorganized areas to which the unions direct their attention. In some of these areas at least, the labor unions have a very good sales argument.

"So I say that in some areas and in some industries the employer is going to find life a bit more rugged."

Victor Riesel, labor editor of the *Daily Mirror*, in discussing organizing success, says: "I think, in this case, Dan Bell is wrong." According to Mr. Riesel, there has to be an impact, not only on organizing but on other phases of union activity, by virtue of the amalgam of "68,000 locals, something like 160 national unions, some 250 labor leaders and a half billion dollars in dues."

Mr. Riesel emphasizes that in organizing activity, techniques will be utilized that will increase membership. Specific regions will be selected; the organizing possibilities will be closely analyzed; organizers will be moved into a particular area, and membership will be increased several thousand in each such area.

Organizing activity will have an impact on white collar workers in and around steel mills, automobile plants, and wherever the Teamster union operates, according to Mr. Riesel. And Mr. Riesel notes that the full title of the Teamsters' union is Teamsters, Chauffeurs, Warehousemen and Helpers. The Teamsters, says Mr. Riesel, "figure the white collar worker is a helper—everybody is a helper."

Through these methods, unions may gain an additional two or three million members, or a possible 20% increase, according to Mr. Riesel. They will be on the way to twenty million members. Summarizing, Mr. Riesel says: "I think it is safe to predict that the American labor movement will gain several million members. But I don't think they will get the thirty million or the doubled membership that the AFL-CIO has set as a goal."

In an attempt to arrive at a consensus, Mr. Bell was asked this question from the audience: "In view of the speakers who followed you, do you now wish to revise your prophecy as to the growth of union membership in the foreseeable future?"

Mr. Bell replied, "No." Amplifying, he said, "One speaker says, 'they are bigger and stronger,' another says, 'gee, look at the power they are going to have.' Neither sentiment alters the evidence. On an objective basis, using pencil and paper, the organizing question comes down to potential membership by areas and industry. I do not think the objective situation allows for any gains that will increase the proportion of workers already organized."

$4 Million Given through Buck-of-the-Month Club

The Buck-of-the-Month Club of the Lockheed Aircraft Corporation has long been known as a pioneer among central funds for employees' charitable contributions. Since its founding fourteen years ago, the club has received more than $4 million for distribution to community charities, health and welfare organizations and to fellow employees who need emergency assistance.

General charities have benefited most from the gifts, receiving 59% of the total funds distributed. The second largest share, 21%, helped Lockheed employees. And the remaining 20% went to several hundred smaller organizations, which can be divided into four major categories—special disease funds, hospitals and institutions, military services (wartime), and miscellaneous community services.

Employees pledge from 25 cents to $5 a week, which is deducted from their pay. The company absorbs the administrative costs. A four-man executive committee determines policy, and a full-time executive secretary handles the day-to-day business. Nearly five out of six Lockheed employees participate in the plan.

The New White Collar Unionization Drive

White collar workers are one of the chief targets of the announced AFL-CIO organizing drives. In both manufacturing and service industries they are seen by unions as being ripe for unionization. White collar drives have been announced in the past, but will the new merged federation drive have greater success? Various aspects of this question were discussed at the Round Table on "The New White Collar Unionization Drive" at the 364th Meeting of The Conference Board. Robert K. Burns, Professor of Business and Social Science and Executive Officer, Industrial Relations Center, University of Chicago, was the chairman. The panel consisted of:

- Howard Coughlin, President, Office Employees International Union, AFL-CIO
- John J. Pastin, International Representative, United Steelworkers of America, AFL-CIO
- William Powers, Deputy Manager, American Bankers Association
- Hiram S. Hall, Partner, Hall & Lange

CHAIRMAN BURNS: In so far as the economy as a whole is concerned, very interesting changes have taken place in the past fifty years. In 1900, approximately 14,236,000 people, or 50% of the country's work force, was potentially organizable by unions. By 1950, this figure had risen to 42,783,000, or 72.5% of the work force, which then numbered almost 60 million. The reasons are obvious: increased industrialization, increased wage and salary employment and increased urbanization.

Approximately 15 million workers, or slightly more than one-third of the total union membership potential, are in the white collar sectors of the economy. Of these, thirty-four unions have organized some 2.75 million members, or about 18% of the estimated white collar potential. This 18% figure, however, does not apply uniformly to all sectors of the white collar economy. Rather, there are great differences. For instance, a high degree of success in organizing has been achieved by the Musicians, the Railway Clerks, and the Newspaper Guild. But in the dominant areas of white collar employment such as retailing, teaching, insurance and banking only a small percentage of union potential has been organized.

Since 1929, the white collar worker in comparison to the manual worker has suffered a decline in earnings. In 1929, production workers in manufacturing and other nonfarm employment received average weekly earnings of $27.33, compared to the salaried employee's average weekly earnings of $34.95. In that year there was a $7.62 differentiation in favor of the office employee.

Twenty-three years later, the positions had been reversed. By 1952 this differential was $2.27 in favor of the production worker. And, the Department of Labor estimated, as of the beginning of 1956, that the average weekly earnings of the production group will amount to about $79 per week. Estimated average earnings of office and salaried employees, as given by the National Office Management Association, will be about $60 per week. This would be a difference of about $19 in favor of the production or hourly worker. Last year alone, production workers increased their average earnings by $6 per week compared to a $2 per week increase for white collar employees.

This shift in comparative economic position has been the result of several important developments. There has been a great increase in the demand for production employees, which has helped bid up wages. At the same time, unions have extended their organization with a resulting upward pressure on wage levels. On the other hand, the supply of white collar employees has expanded substantially, partly due to increased education, and partly to the great influx into white collar jobs of women, many of whom work for less money than men. This has meant in turn that there is greater competition within their own ranks.

But despite the deterioration in their economic position, only 2.75 million office workers are today mem-

Table 1: Average Weekly Earnings of Wage Earners, Salaried Employees, and Trade and Telephone Employees for Selected Years

Year	Wage Earners	Salaried	Trade and Telephone
1929	$27.33	$34.95	$27.79
1933	18.61	29.55	21.62
1937	25.25	32.57	24.90
1939	25.68	33.17	25.13
1944	45.81	43.85	32.95
1946	46.28	49.39	39.56
1949	57.37	58.56	49.07
1952	70.02	67.75	56.82
1954	73.91	72.91	61.65

bers of white collar unions. In part this has been due to the very nature of white collar jobs. As opposed to production jobs, there is a considerable range of functions in many of these jobs. And the character and requirements vary substantially. In the white collar occupations, employees compete principally in the local market, and they are not influenced so directly by industry-wide competitive pressures and comparisons as their industrial counterparts. Moreover, many white collar employees work in small offices where it is neither easy nor economically worthwhile for a union to organize.

The newly merged AFL-CIO proposes to make a concentrated organizing drive in the white collar field. This raises the very real question of whether or not there will be a more effective organizing campaign in the future than there has been in the past. Will dual unionism, which has hindered effective organizing in the past, be eliminated? How much money will be spent on an organizing drive, what tactics will be employed, and what targets will be singled out? How will the trend toward automation affect an organizing campaign? And what will be the effect of constantly improving employee relations programs instituted by management?

These are some of the issues, some of the unknowns we face, and which, at least in part, will provide a measure of the possibilities for success or failure of a new white collar organizing drive.

Why Do White Collar Workers Organize?

by Howard Coughlin

WHITE COLLAR workers organize for many varied reasons. And these reasons are not always directly concerned with the economic aspects of the job. The average office worker looks for recognition as an individual. He may be proud of the position he has obtained within a company. But he also wants to obtain promotions, a pat on the back, proper supervision and appreciation for the job that he is performing.

In too many instances, recognition, proper supervision and the pat on the back are not forthcoming from the employer. Frequently, when seeking a promotion, a white collar worker is by-passed without good reason. In many companies, favoritism and sometimes nepotism prevail. And the objective approach to problems, particularly with respect to wage increases and personal advancement, is often absent. I could cite you many examples of clerical employees who went to their supervisors with what they thought were legitimate grievances, only to receive the reply, "If you don't like what we are doing here, you are at liberty to look for employment elsewhere."

I mention these situations because I wish to emphasize the fact that it is *not always* dissatisfaction with wage rates that brings about a demand for collective bargaining. There is also the dignity of a human being which must be respected in the office as well as outside. In many instances we have found employees satisfied to work for comparatively low salaries where they were treated in a dignified manner.

However, poor wage rates are still the most important single factor bringing about a demand for collective bargaining. Professor Burns has already cited examples of how white collar workers have lost ground to manual workers since 1929. From a $7.62 per week salary advantage in the year 1929, the white collar workers dropped to a $2.27 disadvantage in 1952. And the survey quoted by Professor Burns covered all segments of the white collar population, including higher-paid engineers, draftsmen, government employees, and the like. In other comparisons, where these higher-paid employees are excluded, we find the office and clerical employees' disadvantage to be nearer $22 per week.

And this wage differential between white collar and manual workers is not narrowing, but continuing to widen. Formerly, employers of white collar workers could state that fringe benefits more than made up for any wage disadvantage. But this is no longer true. Fringe benefits are no longer the exclusive right of white collar workers. Organized manual workers have not only obtained these fringes but, in many instances, have gained additional benefits not presently enjoyed by large numbers of white collar workers.

In effect, therefore, we have a situation where we find one-third of the working force in our nation slipping down the economic ladder. On Friday, October 14, 1955, the *New York World-Telegram and Sun* commented on this situation in the following editorial:

> "It has been apparent for years that the white collar element of our working population has been losing ground economically. This is due partly to the willingness of clerical workers to work for less pay for the privilege of wearing their white collars."

I say to the editorial department of that paper that their statement is only partly true. There has been a steady increase in the demand for collective bargaining on the part of white collar workers for the past ten years.

There are numerous reasons for this. First, the white collar worker is getting over his fear of losing his job. He is finding that he can change employers and, in many instances, thereby receive a higher salary. Second, he has seen that organized manual workers

have been able to secure substantial wage increases through their unions. Third, he has in many instances felt the beneficial effects of unionization indirectly. For example, employers after negotiating wage increases for plant workers have given these same increases to their clerical staffs in some instances to avoid the possibility of unionization. But in other instances, employers have not given the clerical workers the same increases. Instead they have shaved those increases in order to economize, and thus have left themselves open to unionization.

We have seen many examples of white collar workers receiving higher salaries only because of the organizational efforts of our union. During the past year, for instance, we have been very active in the banking field in New York City. We have distributed tons of literature and have met with employees of every major bank in the area. As a result, in order to avoid a growing demand for unionization, a number of banks simultaneously announced the granting of a percentage wage increase. When our campaign continued at a brisk pace, these major banks announced that they were giving a second percentage increase. The banks made it clear in their announcements that these wage increases had nothing to do with the organizing efforts of our union. Actually their statements fooled no one —particularly the employees involved.

These increases will probably have the effect of slowing the demand for unionization. But eventually employees will realize that it was through the union's efforts that these wage increases were received. And they will then seriously seek and obtain collective bargaining.

In discussing the matter of wages with employers of white collar workers, it is surprising how often so-called enlightened employers state that $40 or $50 per week represents a good wage for certain classes of white collar work. And these statements are made despite the fact that national and state labor departments have published surveys proving that a much higher figure is required in order to maintain an adequate standard of living.

I recently noted an interesting article from the Associated Press, printed in one of our local newspapers. The writer stated that "the average white collar worker now is the greatest prisoner of the installment plan and the finance company. Debts go with his daily bread. If he has to fly to see his sick mother, he has to borrow money. If he needs a new car, he first has to borrow enough money for a new suit in order to look presentable enough to persuade a finance company to advance him the dough to make the down payment on the automobile."

This report further stated: "The white collar worker has lost his prestige. The engineer is the hero of our times, and many an office peasant now wishes that instead of wearing a white collar he had been born with a slide rule in his mouth. Where is the man on a white horse who will lead the white collar worker back to his old security? He is nowhere in sight. Alas, even white horses are getting scarcer."

While I am in agreement with the Associated Press writer insofar as his presentation of the plight of the white collar worker is concerned, I believe that a white collar union, not a white horse, is the answer.

Our union represents a large number of workers in the financial area of New York. It is a shocking fact that many of these employees find it necessary to hold a second job—ranging from clerical employment in the evening to waiting on tables—in order to maintain a family. And as a result, these workers are probably impairing their health and decreasing their efficiency in their principal occupation. This in spite of the fact that the financial section of New York is enjoying a boom unsurpassed in our history.

Another very important factor is making the clerical worker more vulnerable to organization—this is automation.

Automation will go farthest and fastest in the office. Tomorrow's office will contain a fleet of machines that can do all of the paper work but need to be tended by only three or four people. As a result stenographers, typists, stock clerks, filing clerks and bookkeepers will slowly disappear. And routine jobs will be comparatively scarce.

While this has not yet happened on a large scale, it has happened in certain instances. IBM machines, for example, are performing payroll and inventory control work far more efficiently than clerical employees previously were able to do it manually. In some offices, bookkeeping machines have taken the place of the pen-and-pencil bookkeeper. And computers are now commonplace.

Where the machines have already displaced manual operations, we find the machine operators far more receptive to unionization. These people realize they are now simply a cog in a large operation. And they do not consider themselves much different from machine operators in a factory.

It is not the goal of our union to play upon the fears of people with respect to automation. Indeed we believe automation is a very necessary thing that will benefit all the people of our nation. However, displacement of office workers by the new machines is increasing. And we feel that the future will bring about a larger number of displacements. As machine operators replace office workers, the demand for collective bargaining will be stepped up. Today's office workers are already displaying a real fear of automation because these machines may take their jobs away.

It has been freely predicted that the future will bring new sales records in business equipment. And much of that gain in offices will be reflected in an increased interest in the use of electronic data-processing equipment. Up to now, wherever we have checked on employers who have installed giant electronic machines like Remington Rand's UNIVAC or IBM's 701, we have found that the companies moved carefully. They took considerable time to prepare the employees for the installation of these machines. They trained displaced personnel to operate them. And they retrained others in different occupations. Or they transferred employees without effecting large-scale layoffs. Through attrition they instituted cuts in their clerical personnel.

The Bank of America on the West Coast, for example, installed a twenty-five-ton bank clerk named IRMA. IRMA has the equivalent of a brain and nervous system made up of 17,000 radio tubes and a million feet of electric wire. It is capable of handling the bookkeeping details of 50,000 checking accounts every day so that it can keep the books of a dozen branch banks of average size. IRMA sorts checks by reading magnetized numbers, credits individual accounts with deposits and subtracts withdrawals. It also accepts stop payments and hold orders, catching impending overdrawing of accounts, and makes customers' balances always available. If a customer writes a check at a store, for example, this check, along with hundreds of others, will find its way to IRMA. The customer's credit balance is stored in a magnetic drum which turns constantly at thirty-three revolutions a second. The drum will process the check and indicate the balance or call the operator's attention to the fact that the customer has an overdraft. This memory drum is capable of storing 300,000 separate numerals.

When a customer's monthly statement is required, the computer will figure the service charge and turn out a completed printed record of deposits, withdrawals and a balance for the month at the rate of 600 lines a minute or more. Only nine operators will be required. Five will sit at the keyboard and feed incoming checks and deposit slips into the machine. The others will operate a check sorter and supervise details.

I have gone into some detail as to IRMA's ability because I wish to point out that such a machine can cause serious dislocation of personnel. The Bank of America—as well as other employers installing these giant electronic machines—has announced that staff members freed by these machines will be assigned to other jobs that will provide greater service for the banks' customers and the public. But incidentally, the bank also announced that thirty-six additional machines of this type will be built. While it seems doubtful to me that the bank in the future will be able to continue employing the same number of people as now, it is conceivable that an institution like the Bank of America may do so. But the same is not necessarily true of numerous other employers.

It has been announced by manufacturers of electronic-brain equipment that smaller models will soon be available for companies not requiring the giant types. As these smaller machines become more commonplace, employers in their hurry to effect savings will not be willing to train or retrain their present employees. The resultant fear of layoffs will create an increased demand for unionization.

An increasing demand for collective bargaining on the part of white collar workers is a good thing for the country. Collective bargaining provides a balance in our industrial society. Those who drew up the Wagner Act and even those who drew up the Taft-Hartley Act, recognized this fact. Both acts in their preambles state that they are designed to foster and encourage collective bargaining. In other words, it is public policy to promote collective bargaining.

Millions of white collar workers have been slipping down the economic ladder for the past twenty-six years. Through collective bargaining, this trend can be reversed. And billions of additional dollars can be placed in the pay envelopes of white collar workers. This will insure a further rise in the economy of our country and in the standard of living of all its inhabitants.

White Collar Organization in Industrial Unions

by John J. Pastin

THROUGH collective bargaining, many thousands of white collar workers represented by industrial unions are today enjoying better standards of living, working conditions and salaries than ever before. They have attained a new dignity and status; and this in turn has been reflected in improved job performance and a higher degree of work satisfaction.

Let us consider four questions concerning the organization of white collar workers into industrial unions: (1) Why did white collar workers in heavy industry organize? (2) How was such organization accomplished? (3) What have been the results? And (4) what about the future?

First—*Why did white collar workers in heavy industry organize?* During the late Thirties, we began organizing the maintenance and production workers in the steel industry. At that time, white collar workers enjoyed a better income and better working conditions than did the production and maintenance workers. However, as production and maintenance workers in the steel industry and auto workers in the auto

industry became organized, these advantages were wiped out. Most companies failed to translate fully the benefits won by production workers to their office employees.

One major complaint of the white collar workers was the continuance of the seven-and-a-quarter-hour day and three and three-quarters hours' work on Saturday—which necessitated reporting to work six days in order to earn a forty-hour salary. Efforts to rectify this condition were resisted by management until labor unions, through collective bargaining, negotiated a five-day workweek for office workers.

Another major complaint of office workers was the lack of job security and seniority rights. If an individual employee had the courage to register a complaint, his only recourse was his immediate supervisor, as there was no grievance procedure. And if he was unable to settle the matter with his supervisor, he usually had two alternatives: he could quit, or he could remain on the job with the condition unchanged.

During the 1930's it was almost impossible to obtain an adjustment in salary for white collar workers, even though a multitude of inequities in rates existed. It was the same old story, "We have taken it up with the home office but, due to circumstances, they haven't granted us permission."

Another justifiable complaint was that every time production workers negotiated improved working conditions, the white collar workers were overlooked. For example, when production workers who had never enjoyed vacation plans were able to negotiate paid vacations, the office workers, who had enjoyed paid vacations for some time, suffered a lowering of status —which in effect was a real cut in salary.

In addition to the foregoing, the middle Thirties brought forth the installation of mechanical tabulating equipment in the steel industry. Prior to that time, making up payrolls and bookkeeping were predominantly manual operations. The new installations facilitated the development of standard cost procedures and production planning; and it was predicted that these new techniques would drastically reduce office forces. Also, it was common practice to hire trained personnel for new jobs rather than to offer training opportunities to those already employed. Many employees with long years of service were displaced or suffered a reduction in salary. And promotions were decided purely on a unilateral basis by management.

These are some of the reasons why the white collar workers in heavy industry were dissatisfied in the late Thirties and approached our union for organization.

Our second question is—*How was such organization accomplished?* In the early days, our union concentrated on organizing the production and maintenance workers who represented the majority of employees in the steel industry. Due to the depreciated status of the office workers and in view of the rapid strides made by the organized production and maintenance workers, the office workers established organizing committees in several steel plants.

One advantage in organizing the office group in the steel industry was the fact that many of these office people had relatives or friends working in the plant who were members of a labor union. The white collar workers discussed the need and advantages of organizing a labor union with these friends; and, because the information they got came from people they knew and trusted, it was an effective influence.

Within a relatively short period after the first local union of salary workers was certified in 1939 at the National Tube Company, the remaining plants in this subsidiary were organized. And organization was followed by recognition of the union and a collective bargaining agreement.

The United Steelworkers of America went on to organize other steel company offices and then made an organizing drive in the fabricating industry. We are presently organizing office workers in the can industry and in many of the small fabricating companies throughout this country and Canada. While we have been successful in our past efforts to organize office workers, we recognize our task is not completed until we represent *all* the eligible employees in the steel industry.

Part of the reason for our success in organizing white collar workers is the fact that our union has been able to understand and meet the needs of this particular group. We recognize that in order to accommodate conditions and practices peculiar to office workers, white collar contracts require provisions dissimilar to the ones customarily associated with production and maintenance contracts.

The union also recognizes that if the office workers are to be represented properly, they require their own local union officers and grievance committeemen. In order to provide this, separate local union charters have been granted. In addition, we have been able to furnish district representatives in the towns where steel plants exist. If the local union has any problem, it can go directly to the field representative or the district director in the area for advice and guidance.

The international union, with headquarters in Pittsburgh, has provided special services pertaining to contract negotiations, job evaluation programs, and arbitration cases. Also the services of the following departments are available: contract; research; legal; educational; publicity; legislative.

Table 2: Monthly Pay Rates for Selected White Collar Jobs in One Company in 1941 and 1955

Job Title	Job Class	Monthly Rates in Effect Prior to Organization, Mar. 31, 1941	Monthly Salary Scale Effective July 1, 1955	Amount of Increases to Date
Messenger	0	$58	$269.82	$211.82
File clerk	1	63	291.59	228.59
Typist	2	73	313.36	240.36
Stenographer	3	83	335.13	252.13
Payroll statistical clerk	4	93	356.90	263.90
Accounts payable clerk	5	138	378.67	240.67
Detail scheduler	6	153	400.44	247.44
Senior tabulating machine operator	7	163	422.20	259.20
Schedule clerk	8	183	443.97	260.97
Senior cost clerk	9	188	465.74	277.74
Layout draftsman ...	10	193	487.51	294.51
Construction inspector	11	204	509.28	305.28
Field engineer	12	200	531.05	331.05
....	13*	...	552.81	......
Senior draftsman	14	266	574.58	308.58
Design draftsman ...	15	278	596.35	318.35
....	16*	...	618.12	......

* Job classes 13 and 16 are not benchmarked.

Our educational department has conducted institutes in various universities throughout the United States in order to provide training for our local union officers and members. The curriculum includes such subjects as "How To Process Grievances," "Parliamentary Procedure," "Fundamentals of Job Evaluation," and "Community Relations." Classes have been conducted by accredited university professors.

Affiliation with the production workers has made it possible for the office workers to benefit from *all* of the services provided by the international union. They immediately had the financial support of a very large union, and therefore were not unduly burdened with the cost of special services which a small group or independent union could not afford.

Now the third question — *What have been the results of unionization?* Since organization, the white collar workers' gains have been equivalent to those negotiated by the production and maintenance workers in the steel industry. The straight-time average weekly earnings of white collar workers are now somewhat in excess of $89 per week. This is a remarkable achievement when one considers that white collar workers were organized some two or three years after the production and maintenance employees. The accompanying table compares the 1941 and 1955 rates of pay in one company, which is fairly typical of the basic steel industry. It illustrates the progress made by the white collar workers since 1941.

These substantial gains resulted from negotiated salary increases and the cooperative program for eliminating salary inequities.

In addition to increased earnings, we have successfully negotiated many other benefits of substantial worth, including recognition of the union as bargaining agent, vacation plans, pensions, insurance coverage and premium pay for overtime.

And of prime importance is the fact that office workers participate in determining the policy of our union. For example, they serve as official delegates to district conferences, have representation on our wage policy committee and are members of negotiating committees. They have an opportunity to voice opinions concerning the provisions required in their contracts.

The tremendous impact resulting from unionization of white collar workers has been reflected in these people's broader participation in community affairs. Also, nonunionized employees have benefited. For example, in the State of Pennsylvania it is now most unusual for banks to remain open on Saturdays as they did in the past. So their employees are the indirect beneficiaries of white collar organization in heavy industry.

We are also proud of the fact that what we have accomplished for white collar workers has not only had its effect in this country but in other countries throughout the world. Teams comprised of both industry and union members from various countries such as Australia, Sweden, England, Germany, France and North Africa have visited us and studied some of our accomplishments. Much good has resulted because these foreign teams have been able to adapt some of our methods and procedures to help in the solution of their own problems.

Now the fourth and last question—*What about the future?* Seventy years ago, the required number of office employees was normally 1% of the total employment of a given plant. A decade ago, the percentage was found to have increased to 8% or 10%. And since that time, this trend has continued at an even more rapid rate. For instance, in one of the newer steel plants employment is estimated at 5,500. Of this total, there are close to 900 office employees who are eligible for the white collar union. This indicates that a significantly higher percentage of office employees is now required than in the past; and it can be assumed that more will be needed in the future.

This brings up the subject of automation, which has been the favorite topic of many speakers in recent months. Most speakers treat this subject as though it were still a theory. But in the steel industry, it is no longer a theory, as electronic computers have already been installed and plans are under way for additional installations.

The marked difference between mechanical tabulating equipment and electronic computing equipment is that the thinking process has now been applied to mechanical equipment. As a result, faster computations are possible. Recently, we had the opportunity to spend some time viewing a complete electronic

computer system in operation. We observed the processing of a payroll for a steel plant in the Pittsburgh area that employs some 12,000 people. Previously programmed source data were registered onto metallic tapes and then they were further processed through servo and computer mechanisms where various computations were performed, checked and printed. Excluding only the programming, everything else, from the processing and computing of information to the running of employees' individual earnings checks, was completed in less than three hours. This sounds fantastic but it is true.

Following installation of electronic computers, arrangements were made between the union and management to train present personnel to operate the new equipment. And proper salary rates were negotiated.

Automation will cause relocation of employees and some hardship. However, if technological improvements are instituted with good judgment and consideration for human needs, they will be a good thing for the people and for the country. Eventually all will benefit.

Based on our attitude toward technological advancement, some people might erroneously assume that we are prescribing unlimited automation in the steel industry. This would be an unwarranted assumption as the responsibilities of a labor organization are to negotiate suitable provisions with management in order to accommodate new conditions.

There are many predictions that the number of office workers will be drastically reduced because of automation. These predictions were made with the installation of automatic tabulating equipment, standard costs and production planning. In spite of these dire prophecies, the office forces in the steel industry continue to increase in numbers. I say this: as long as man hankers after the better things in life, a way will be found to create them. If that is the case, we will have office workers longer than we have despairers.

Union Activities in the Banking Field

by William Powers

CONTRARY to widespread belief, especially in metropolitan areas, our banking system is not composed of a few large financial institutions with affiliates and branches all over the world. Instead it is predominantly small business made up of thousands of independent units, operating under close supervision of the state and federal governments. Thus it is radically different from the banking systems of other countries—even Canada—where banking is concentrated in a few large units that have many branches.

In the United States the banking system is made up of approximately 14,500 banks, of which only 1,000 have deposits of more than $25 million. Thirty-five hundred of the banks have deposits of between $5 million and $25 million, and 10,000 have deposits of less than $5 million. All of these banks together employ about 550,000 people. Of this total, approximately 100,000 are officers and probably another 80,000 are in supervisory positions. In other words, about one-third of bank employees are in the management end of the business.

The range of size is from a handful of banks with thousands of employees to thousands of banks with only a handful of employees. Many have only three or four staff members, and 95% of all banks employ fewer than 100 people.

An unusually high degree of direct contact exists between management and clerical people in banking. This is due, in large part, to the high proportion of staff members in management positions, the confidential nature of even minor clerical duties, and the close cooperation required between management and staff on many types of banking transactions.

In addition, banking is unique in the scope of its self-created educational facilities. More than fifty years ago, the American Institute of Banking was established. Today it has 125,000 members and is recognized as the most extensive adult education program in the world established by a business for the development of its own people. Bear in mind that this program is *not* a correspondence-course program. Classes meet in 350 chapters or study groups throughout the country. Instructors are sometimes brought in from universities and from management. But very often a clerk is the instructor while management representatives sit in the student body.

Superimposed on the American Institute of Banking structure is the Graduate School of Banking, which was established twenty years ago. Men come from all over the country and from other countries to its resident sessions on the campus of Rutgers University. Since establishment of the Graduate School, eighty other banking university schools have been initiated and are being operated by state, regional and national banking associations. More than 200,000 people in the banking business voluntarily participate in these educational programs and thus further expand direct contact between managerial and clerical groups.

This background of a small business atmosphere,

small working units, a high proportion of management representation, and unusually close contact between managerial and clerical groups is of great significance when considering union activities in the banking field. If the new white collar unionization drive is going to be directed against the whole banking front, that drive is bound to run into serious difficulties when dealing with small organizations. If, on the other hand, the drive is to be concentrated on the very large banks (and there *are* some very large banks), any lessening of the effect of these background factors—that is, the small unit working force, and so on—is likely to be more than offset by the almost perfect record of union failures in previous attempts to organize people in large financial institutions.

The unions first began to give special attention to bank employees during the 1930's. In the main, they were highly unsuccessful. By 1937, after numerous attempts, unions had won only two elections, covering approximately 1,300 employees.

At that time union leaders claimed—and they have since repeated it—that bank employees' opposition to organization was based on three misconceptions: (1) Bank employees had a false sense of their individual importance to their employers. (2) Bank employees thought that the labor movement was only for manual workers. (3) Bank employees also believed that unionization would be detrimental to the establishments in which they were employed.

With this denouement, union activities in the banking field virtually died for several years. In 1942, however, the AFL attempted to organize guards and some other employees in Illinois and Ohio. In 1944, the United Office and Professional Workers of America—a CIO affiliate at that time, but since expelled on charges of communist domination—staged an all-out campaign in a large New York bank. The UOPWA met with no success.

From then on, the AFL and the CIO spent a lot of time, effort and money on a series of bank organizing campaigns in 1945, 1946, 1947, 1950 and in 1955. The CIO United Office and Professional Workers' union was the more aggressive of the two, but that union fell afoul of the law and it fell apart. The AFL didn't fall afoul of anything except its own inability to organize bank people.

Here is the record for the past thirty years of formal union activity in banks. Hundreds of bank staff groups have been contacted at home, on the street or in a coffee shop. Only fifty of these situations resulted in elections; and twenty-seven of the fifty elections were successful. Pretty good? Wait. Of the twenty-seven banks that were organized in toto or in part, only seven have *current* contracts with a union. And five of these seven are with independent unions; in the other two, unions own the banks. With only one exception, whenever a union conducted a drive in a *large* bank, it failed completely.

Since 1937, one or more unions have been taking credit for salary increases granted by unorganized banks such as those in New York during the past year. The unions argue that raises have stopped the union drive temporarily. But after a while the bank employees will realize they got the raises in the first place because of union activities. And later, when the employees find the raises don't keep on coming, they will want to be organized.

I paid great attention to this line of comment the first time I heard it, but I have heard it countless times in twenty years and it has lost its interest. I visit hundreds of banks all over the country each year and have direct contact with both bank clerks and management, but I don't see any great desire on the part of the employees for a union.

The organizing record is pretty dismal from the viewpoint of the unions. Even in banks where the unions did have contracts and had a chance to show what they could do for the employees, they were either thrown out or there was a switch to an independent union. The question now facing the union representatives is: What do you have to offer bank employees in this pending white collar drive that will sweep aside the background factors that I mentioned, which are inherent in the industry? How are you going to change your organizing record from almost complete failure to some measure of success?

Management Policies—Their Effect on White Collar Workers

by Hiram S. Hall

MANAGEMENT can blame no one but itself when white collar employees develop an interest in unionization. Under normal conditions, these employees regard themselves as close to or a part of management. They have little enthusiasm for the idea of being represented by a union.

Only when management is shortsighted, takes an unsatisfactory position on matters affecting white collar employees and fails to act wisely and consistently is there a basis for these employees seeking outside assistance. The executive who frequently gives unclear orders, but who expects immediate compliance,

the president or department head who believes in systems, figures, budgets and gadgets as against thinking in terms of people—these are the ones who produce the kind of organization that employees frequently react against.

When management policies are logical, clearly defined and applied intelligently and consistently, a major step has been taken to gain the good will of white collar employees and to retain their confidence in management and its actions. The basic ingredients of a sound management policy should include:

1. A moral code for the business that is beyond reproach, so that the workers have pride in the company, product, service and management.
2. Leadership that is willing to put its management principles in writing; that is motivated in its administration by consideration for the company's future health and growth, and whose decisions are made neither on the basis of expediency nor the opportunity for exploitation.
3. The practice of consultation and explanation through all echelons of the organization so that understanding and teamwork are characteristic of management action.
4. The practice of keeping people informed with respect to all those things that affect their jobs.
5. The freedom to express individual points of view, even if in the minority, without fear of censure or reprisal.
6. Policies and programs that seek to provide steadiness and certainty of employment.
7. A plan for promotional opportunity.
8. An equitable salary structure that is built on a recognition of the differences in job requirements as measured by such factors as knowledge, skill, responsibility and the effect of surrounding employment market pressures.
9. A training program to help every employee to perform assigned tasks in the best known way, and that provides opportunity for promotion to positions requiring higher skills and greater ability.
10. A total work environment that appeals to the self-respect and dignity of the individual.
11. A program that provides a way for the company to give sympathetic consideration to the trials and tribulations of the individual.
12. Finally, direction of management policy toward the recognition of the individual as a person so that it can be said that by his ability, motivation and concept, he is furthering the future, health, growth and development of the company.

Management policies themselves are only one consideration in determining the white collar workers' attitudes toward unionization. Management's own attitude is also very important—that is, the attitude of the president of the company, the attitude of the chairman of the board, and the attitude of the head of the division. And certainly the attitude of a supervisor is important because to employees the supervisor often *is* the company.

A sound company attitude is not fostered by the "Let George do it" approach. But this typifies the thinking of many managements; they believe they have solved all the problems when they hire a personnel director and set up a personnel department. Neither is a sound attitude fostered by thinking that money alone will take care of all situations. With this type of thinking, when a union shows evidence of organizing an office, the answer is to give an immediate salary increase. This is usually done so abruptly that employees are immediately alerted—they think that there must be something in what the union organizers have to say or else management would not jump so quickly to try to correct it.

Under normal conditions, and historically, white collar workers feel they are a part of management. Mr. Coughlin has said that they are individualistic. They most assuredly are individualistic. They don't want to be dealt with en masse. In fact, they are so individualistic, they do not like to pay dues. They do not like to pay dues because, in their conservatism, they believe they will be paying too much for what they get.

One of the great weaknesses as far as white collar unionization is concerned is that white collar workers do not like to strike. They do not like the idea of the use of force or intimidation. This they associate, rightly or wrongly, with the unionization movement. They read the newspapers. They gain impressions, and this affects their concept of their own social status. They are loyal, but their loyalty must be earned.

Decisions that are wrongly made, or decisions that are not made when they should be, or lack of policy with respect to handling a situation—all of these things contribute to lowering management's esteem in the eyes of the white collar worker. Some psychologists would say this impact is particularly difficult because management is seen by them as a father image. White collar employees enjoy a superior status, but they wonder why they suffer in contrast to the blue collar worker; why the blue collar worker gets paid more; why he now enjoys the same benefits and privileges they formerly enjoyed, thereby lowering their status.

There are several reasons why white collar workers consider joining unions. But basically, they join because they have been ignored. When they are ignored, when they are not given information, when they are supervised too closely, when the boss betrays the fact he has no confidence in them or in their ability to

perform the way they should, when they are tied to uninteresting and monotonous work, then they react against the management.

Job inequities cause interest in white collar unionization. And job inequities often develop over a period of years because of giving increases in flat money amounts. By giving increases in this way, the skilled, experienced people receive less money percentagewise than the less-skilled worker; and they develop resentment toward management. Consequently, skilled workers often become actively interested in unionization.

The trend in management thinking to neglect women employees on the thesis that they won't be with us but a short time sometimes leads to white collar unionization. While women employees do not often become leaders in the movement to join unions, they often become strong and staunch supporters of a union when they feel they are being ignored by management.

Well-thought-out management policies often are the deciding factor as to whether the allegiance and loyalty of white collar employees will be to the management group, or whether they will seek representation in the white collar union movement. Sound policies that are understood and effectively and consistently applied create confidence in management. Such policies constitute the basic ground rules providing guidance for the management group, as well as assurance to the employees concerning the nature of action they can expect to be taken.

Lack of such policies, however, or improper application can result in considerable dissatisfaction and the ultimate search for aid and protection elsewhere.

Management Bookshelf

DMT; Dimensional Motion Times, Development and Application—This book presents a systematic procedure for work measurement based on precise dimensional factors. It is intended to meet the needs of the engineer in detailing production methods. The book explains the development of dimensional motion times (DMT) and its contribution to the field of industrial engineering. Training requirements for the use of DMT are covered, outlining the need for on-the-job instruction. DMT tables are also presented along with typical applications and problems. One section of the book is devoted to developing standards and improving methods. *By H. C. Geppinger, John Wiley and Sons, New York, New York, 1955, 100 pp. $4.*

Great Enterprise—This story of the growth of the large corporation in America is told in terms of fifty selected companies. The book analyzes both external and internal factors and shows the impact of our changing economy on the form and operating characteristics of companies which were, in large part, instrumental in the change. Developing awareness of the importance of the role of the human being in "big business" is emphasized. There are some thoughtful insights into methods of group management. And implications of the impact of this approach on companies and on the social structure in the future are explored. *By Herrymon Maurer, The Macmillan Company, New York, New York, 1955, 303 pp. $5.*

How To Make Your Living in Four Hours a Day—This book proposes that we can not only lead a happier life but make a better living by working only four hours a day. According to the author, the art of being a breadwinner in half the present time requires that the individual learn to use his mental powers more effectively, with particular emphasis on developing creativity. The book contains suggestions both for unleashing and disciplining creative imagination. It will be of interest to those looking for ways to make their normal workday more productive as well as all those who are tempted by the idea of earning more in fewer hours. *By William J. Reilly, Harper & Brothers, New York, New York, 1955, 118 pp. $2.50.*

Experience under Railway Labor Legislation—A study of the practical effect of federal legislation in the railroad labor field. The author traces the development of such legislation from its beginnings, and concludes with a chapter covering changes in the Railway Labor Act since World War II. The book gives explanations of the more important provisions of each piece of legislation and also cites important strikes and other disputes that were dealt with under the various acts. *By Leonard A. Lecht, Columbia University Press, New York, New York, 1955, 254 pp. $4.25.*

Front Line Cost Administration—A discussion of the various techniques of industrial engineering that are important in controlling costs at the production level. Aimed at the first-line supervisor, the book places particular stress upon time study and incentive standards. *By Wilmer C. Cooling, Conover-Mast Publications, New York, New York, 1955, 259 pp. $5.*

The Handicapped Man for the Job—The Job for the Handicapped Worker—A factual guide on the employment of handicapped workers. The material includes a definition of "handicapped," reasons for having disabled persons on the payroll, the attitude of insurance companies on hiring such workers, the relation of second-injury laws to employment of handicapped persons, and examples of companies that vouch for their success in employing handicapped workers. *Published by the National Association of Mutual Casualty Companies, 20 North Wacker Drive, Chicago 6, Illinois, 15 pp. Free in limited quantities.*

Briefs on

EMPLOYEE BENEFITS

Bargaining on Thrift-Stock Purchase Plans?

The District of Columbia Court of Appeals has upheld the National Labor Relations Board's ruling that the Richfield Oil Company must bargain with the Oil Workers' union on the company's savings-stock purchase plan. The company has announced that it will appeal the decision to the Supreme Court.

In its ruling, the Court of Appeals agreed with the NLRB that the benefits accruing under the plan "represent a part of the compensation received by the employees for their labor, differing from their weekly wages only in form and time of payment" and that the plan "affects conditions of employment." As a result, the court held that the plan is subject to collective bargaining.

The company argued that the plan "is offered as something separate from the wage agreement, to afford an opportunity for employees to invest in the company's stock and thereby promote a close and continuing association with the company's business. As analysis discloses, the plan is nothing more than that." Richfield maintains that bargaining on the plan would interfere with its exclusive right to control management and its own representatives, free from union interference. It argues that bargaining "permits the union to represent employees not only as employees but also in their capacity as stockholders. . . ."

The Richfield plan provides that any employee age thirty or over with one year of service can contribute to the plan each month as much as 5% of his monthly salary. For each dollar the employee saves the company contributes a minimum of 50 cents. And the company contribution can be increased to as much as 75% of the employee's contribution, depending on net profits after taxes. All money contributed by the employee and the company is invested in Richfield stock.

Cash and stock bought with the worker's contributions are given to him at any time he withdraws from the plan, whether he simultaneously terminates employment or not. But the employee is entitled to company contributions only upon termination of employment. *All* of the company's contributions are vested (1) if termination, at any age, is due to death or total and permanent disability or (2) if the employee is fifty-five or older at time of termination (age fifty for women). In addition, graduated vesting is provided for employees who leave the company before age fifty-five (or fifty for women). After five years' participation employees receive 50% of the company funds, and with each additional year, another 10% is added until full vesting is reached after ten years' participation. But if the employee has contributed to the plan for less than five years, he receives none of the company's contributions upon termination.

In case of layoff and leaves of absence without pay (including military leave), an employee remains a member of the plan as long as his "service is considered continuous according to company policy" although all contributions by the company and employee are suspended. It was this provision that the union was particularly concerned with at the time the controversy began. The union specifically wanted the provision extended to cover employees on strike or on union leave and it wanted the term "continuous service" to cover the same conditions as specified in the bargaining contract.

General Motors Thrift Plan

General Motors recently installed a new savings-stock purchase plan for salaried employees who have one or more years of service. Under the plan an employee can save as much as 10% of his salary. And for each dollar he saves, GM contributes 50 cents. Half of the employee's savings is invested in United States Government bonds; the other half—plus all of the company's contributions—is put into General Motors common stock.

Employee savings and company contributions made during each calendar year are called a "class." The employee decides whether the assets of a class are to go into a "savings fund" or into a "retirement thrift" plan.

Savings Fund

Under the savings fund, assets in each class are turned over to the employee five years after the year in which the class was formed. However, an employee may withdraw all or part of his savings from a class at any time prior to its five-year maturity date. But if he withdraws during the first two years after the formation of the class, he is entitled to only the assets attributable to his *own* contributions. After this two-year period, his withdrawals can include a portion of company contributions as well. The amount of the company contributions which he gets is "earned-out" at the rate of 2.75% per month, beginning with the

first month of the third year following the year of formation of the class.

All assets in a class are given an employee—regardless of how long the class has been in existence—if he retires, becomes totally and permanently disabled or dies. But if the employee is discharged for cause, he receives only the assets attributable to his own contributions. And if his employment is terminated for any other reason, such as permanent layoff, the settlement is the same as if he had withdrawn his savings voluntarily.

Whether an employee withdraws his savings, whether his account is closed because of termination of employment (for any reason), or at maturity of a class, GM guarantees that the value of the assets in each class will be no less than the employee's contributions plus interest at the rate on the government bonds.

Retirement Thrift Plan

Under the retirement thrift plan, a class is handled in exactly the same way as under the savings fund until the end of the fifth year after the class was formed. Withdrawals, termination of employment and the guarantee of value are identical for both parts of the plan during this period. However, under the retirement thrift plan, a class in effect five or more years does not pay off until retirement or until an employee leaves the company (for any reason). Furthermore, at the end of the five years following the year in which the class was formed, GM pays the employee in cash any difference if its value is less than the employee's contributions plus interest at the rate on the government bonds. But no such guarantee of value is made beyond this initial five-year period.

After a retirement fund class has been in effect five years or longer an employee can still withdraw all or part of his own savings. But as long as the employee remains with the company, his withdrawals cannot include company contributions.

Recent Major Medical Plans

American Gas and Electric Service Corporation has made available a contributory "comprehensive medical expense" plan for employees and their dependents. The plan splits medical expenses into two types: "in-hospital expenses" (room and board, etc.) and "other medical expenses" (doctor fees, nursing care, out-patient expenses). For hospital expenses, the plan pays all of the first $250 in any calendar year plus 80% of additional expenses. For other medical expenses the plan pays 80% of any expenses after a $50 "deductible" which is applied each year. The maximum benefit for all expenses is $7,500 in a calendar year, with a lifetime maximum of $15,000.

Three other companies recently installed "corridor-type" major medical plans. These plans are designed to help pay the costs of serious illnesses that have exhausted the benefits available under the basic hospitalization plan.

Standard Pressed Steel Company initiated a contributory plan for employees and their dependents. The plan pays for 75% of all bills over and above the deductible, which ranges from $100, for employees with incomes under $5,000, to $300 for employees with salaries over $10,000. Maximum benefits in any one medical expense period are $5,000 for the employee or the dependent.

Under Consolidated Edison's new major medical expense insurance plan for monthly paid employees, the company pays for the employee's coverage and the employee pays the premium for his dependents. For each illness, there is a deductible of $500, or the benefits received from Blue Cross-Blue Shield, whichever is greater. Above that amount the employee pays 20% of all expenses and the plan pays 80%. The maximum benefit is $7,500 for each individual for all illnesses.

As a part of a recent revision of its group insurance program, McDonnell Aircraft Corporation added major medical protection for employees, at no extra cost to the employee. Under the plan, the employee pays the first $100 each year for expenses over and above those covered by the basic hospital-surgical plan. Any remaining expenses are split—the employee paying 20% and the plan paying 80%. The maximum benefit under the plan is $5,000 during the lifetime of the employee except that after $2,500 has been expended, the full $5,000 coverage may be restored upon submission of satisfactory evidence of insurability.

Final Withholding Tax Regulations on Sick Pay

The Internal Revenue Service recently issued the final regulations for sick-pay withholding taxes on payments made after December 31, 1955. Section 105 (d) of the 1954 Internal Revenue Code allows an employee to deduct from his taxable income certain wage payments received from his employer for time lost because of sickness or personal injury. An employee can deduct —up to a maximum of $100 per week—wages paid to him directly by the employer as well as accident and sickness insurance benefits to the extent that they are attributable to employer contributions. But the tax deduction cannot be taken on any such pay received for the first seven days of the absence, unless the time lost is due to a personal injury or—if the absence is due to illness—the employee is hospitalized at least one day during the illness.

Key provisions of the final regulations are:

1. *Withholding on Direct Employer Payments (paid sick leave)*—An employer must withhold taxes on that part of any paid sick-leave benefit that is above $100 per week. But on that part of the sick-leave pay which is excludable from tax (all amounts under $100), the

employer has a choice of withholding or not withholding, whichever is most convenient for him. Furthermore, the employer is allowed to withhold the tax on payments to some employees and not others.

If disability pay is provided by paid sick leave and insurance benefits simultaneously, the employer, in determining how much of the direct sick pay is excludable from taxable income, is given the choice of either ignoring or including that part of the insurance benefit attributable to employer contributions.

For example, if the employer provides $70 in sick pay and an insurance benefit of $40 per week, he can either ignore the insurance benefit and therefore withhold nothing on the $70 sick pay, or he can include the insurance benefit in his computation ($110) and therefore withhold the tax on $10 of the sick pay.

2. *Withholding on Payments Made by Insurance Companies, etc.*—"No tax shall be withheld upon any wage continuation payment, whether or not such payment is excluded from gross income under Section 105 (d), made to an employee by" an insurance company or state disability plan.

3. *Records and Statements to Employees*—An employer must keep records of all payments made by him directly to the employee. (Records are not required on payments made in his behalf by insurance companies and state disability funds.) The record on each direct payment must show the beginning and ending date of the period for which payment was made and the total amount as well as the weekly rate of each payment. Furthermore, if an employer does not withhold tax on direct payments, his records must show not only the amount of the payment but also the part excludable from taxation and data substantiating the employee's entitlement to the exclusion.

The statement to employees on 1956 income must include in the total wages all direct payments made under a wage continuation plan but direct payments do not have to be shown separately on Form W-2. And the employer does not have to report disability payments received by the employee from insurance companies or state disability funds.

HARLAND FOX
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Labor Press Highlights

AFL-CIO Prepares Political Campaign

AFL-CIO LEADERS are planning the largest political expenditures in labor history during the coming national elections, states *Labor's Daily* (International Typographical Union). A record budget has been prepared by James L. McDevitt and Jack Kroll, codirectors of the Committee on Political Education (COPE). Voluntary contributions from union members will be sought and additional funds will be requested from the international unions. The actual amount to be spent has been kept secret, reports *Labor's Daily*, but Mr. McDevitt has indicated that it would surpass—or possibly double—the campaign expenditures for 1954 when the AFL and the CIO each spent $850,000.

The AFL-CIO political campaign objectives, as printed in the paper, are:

1. To coordinate local and state AFL-CIO units for effective doorbell campaigns.
2. To concentrate on Congressional races, as Congress is labor's primary concern.

Labor's Daily reports that several AFL-CIO leaders have stated that they will review the political situation state by state before making preliminary choices between potential candidates.

To help guide them, the AFL-CIO has released its tabulation of the voting records of United States Senators. The record was prepared on the basis of thirty specific issues selected by the AFL-CIO which were voted on during the period 1947 through 1954. They are grouped by the AFL-CIO under four major headings:

1. Labor—includes Taft-Hartley Act and other bills covering collective bargaining.
2. Social welfare—includes bills on Social Security, unemployment compensation, housing and schools.
3. Domestic economic policy—includes bills on taxes, rent and wage controls.
4. Foreign and anticommunist aid—includes the Point Four program.

For the union record, each Senator is tabbed as having voted R (right) or W (wrong), from the AFL-CIO point of view, on each specific issue. But since some of the Senators were not yet in office when some of the determining bills were voted on, not all have complete entries.

Among the Senators in office during the entire 1947-1954 period, the tabulation shows only Senator Murray (D-Mont.) and Senator Green (D-R. I.) as having voted R, by the AFL-CIO standards, on every issue for which they were present. And Senators McCarthy (R-Wis.), Martin (R-Pa.), Bricker (R-Ohio), Williams (R-Del.), and Millikin (R-Colo.) are tabbed as

having voted W on every issue for which they were present during this period.

The AFL-CIO's R-W count on some Senators involved in key races this year are as follows:

Bush (R. Conn.) 6W - 1R	Hickenlooper (R-Iowa) 26W - 1R
Butler (R. Md.) 13W	Kuchel (R. Calif.) 9W
Capehart (R. Ind.) 26W - 2R	Lehman (D. N. Y.) 18R
Dirksen (R. Ill.) 13W	Magnuson (D. Wash.) 28R - 1W
Duff (R. Pa.) 8W - 3R	Millikin (R. Colo.) 29W
Hennings (D. Mo.) 13R	Morse (D. Ore.) 28R - 2W
Hayden (R. Ariz.) 26R - 3W	Wiley (R. Wis.) 22W - 6R

UAW Aims for Office Workers

Office workers at Ford and General Motors are getting a high priority on UAW's organizing list, according to UAW Vice-President Norman Matthews. As reported in *The United Automobile Worker*, Mr. Matthews told the UAW's office workers' conference:

> "We have a nucleus of 7,000 office workers in Chrysler, and Ford; and GM office employees are no different from those in Chrysler. We intend to organize them—as well as other white collar workers in the industries which come under our jurisdiction."

Extend Thirty-five-Hour Workweek in ILGWU Shops

As of January, thirty-three companies with International Ladies' Garment Workers' Union contracts initiated a thirty-five-hour week, reports *Justice* (ILGWU). This is part of an ILGWU program started in 1953 to move gradually from a forty-hour week to a thirty-five-hour week with no change in pay. The first drop was to thirty-seven and one-half hours.

In shops now dropping to a thirty-five-hour week, *Justice* reports that piecework rates have been increased, while weekly pay scales remain unchanged, so that employees will lose no pay.

Unions Seek Wage and Insurance Increases

In bargaining with the northern cotton and rayon industry, the Textile Union of America will make a determined bid for its first wage increase since the 6.5% wage cut in 1952, reports *Labor's Daily*. Involved in the negotiations are 120 firms with approximately 40,000 workers, according to the report. Most of the contracts carry an April 15 termination date.

And a general wage increase and modifications in the industry's social insurance program will be sought by the Amalgamated Clothing Workers' union in its negotiations with the men's apparel industry, reports *The Advance* (ACWA). The union estimates that approximately 400,000 members are involved. Specific demands, though not yet outlined, will be presented to the Clothing Manufacturers' Association shortly.

AFL-CIO Roll Call Membership

To deflate "boasted claims" of membership by the former CIO, *The Pulp, Sulphite and Paper Mill Workers' Journal* (formerly AFL) has published the roll call vote of all unions at the AFL-CIO merger convention. The count shows CIO unions represented 4,282,744 members, and AFL unions represented 9,469,435. (This is based on 135 unions; thus a few are not included.) According to the *Journal's* record, thirty-three unions had a roll call membership of 100,000 or more, twenty had 200,000 or more, five had 500,000 or more, while only two had more than 1 million. The convention roll call vote of the top twenty unions, as shown in the *Journal's* tabulation, are:

1.	Automobile Workers (CIO)	1,259,741
2.	Teamsters (AFL)	1,229,798
3.	Steelworkers (CIO)	979,595
4.	Carpenters (AFL)	750,000
5.	Machinists (AFL)	626,900
6.	Electrical Workers (AFL)	460,237
7.	Garment Workers, Ladies (AFL)	382,735
8.	Hod Carriers (AFL)	372,450
9.	Hotel & Restaurant Employees (AFL)	300,000
10.	Electrical, Radio & Machine Workers (CIO)	271,175
11.	Clerks, Railway (AFL)	264,225
12.	Meat Cutters (AFL)	262,749
13.	Clerks, Retail (AFL)	259,098
14.	Musicians (AFL)	249,755
15.	Communications Workers (CIO)	249,043
16.	Amalgamated Clothing Workers (CIO)	210,000
17.	Building Service Employees (AFL)	205,269
18.	Textile Workers (CIO)	202,500
19.	Engineers, Operating (AFL)	200,000
20.	Plumbing & Pipe Fitting Industry (AFL)	200,000

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Incentive Bonuses

(Continued from page 84)

minimum of one year's service, whereas length of service is not a qualification for group B eligibles. The plan provides for distribution of funds as follows:

> "For purpose of distribution, the bonus fund shall be divided into two parts—40% to fund A and 60% to fund B. If in any year fund A does not exceed $5,000, the entire amount shall be placed in fund B. Fund A shall be prorated to the eligible employees in group A in proportion to the base salary of each person as a percentage of the total base salaries of the group. Fund B shall be distributed by the bonus committee to those eligible employees in group B who, in the opinion of the bonus committee, are deserving of special awards for meritorious service during the year. No limit is placed on the size of the total bonus fund except as provided . . . (by bonus fund formula) but the total . . . award to any individual shall not exceed 50% of the individual's base salary."

A heavy equipment manufacturer distributes the fund in still another manner. Eligibility is limited to "top-echelon and key supervisory positions as noted in the company's organization charts." Participants are selected from the eligible list at the beginning of each fiscal year. For instance, during 1955, 140 were

selected. The group is defined as ". . . those executives and their principal assistants who, through the exercise of their regular responsibilities . . ." are best able to devise and promote methods which help to increase the profits of the company.

The annual bonus fund is distributed to participants in the same proportion that their *basic salary* bears to the aggregate *basic salaries* of all participants. Basic salary is defined as that portion of the participant's annual salary considered in computing individual awards. In 1955, for example, employees in top-echelon positions participated at 100% of their annual salary, while those in key supervisory positions participated at 66.6% of their annual salary.

The plan specifically limits the size of the fund to be distributed in any one year to 50% of the aggregate *basic salaries* of the participants. If the amount in the fund exceeds this limit by virtue of an exceptionally profitable year, the difference reverts to the company treasury. The effects of the plan's limitations on distribution and size of the bonus fund are best illustrated by an example.

Assume that the bonus fund for one year is $2.1 million and that aggregate *basic salaries* are $3 million. The plan stipulates that the fund may not exceed 50% of the aggregate *basic salaries*, which in this case is $1.5 million. Thus, the fund is $1.5 million rather than $2.1 million. And the difference of $600,000 reverts to the company's treasury.

A participant occupying a top-echelon position and receiving a salary of $75,000 is awarded 2.5% of the $1.5 million fund, or a bonus of $37,500—since his *basic salary* is 2.5% of the aggregate *basic salaries* of all participants. And because the fund is at its maximum, the award, too, is at its maximum—half of the participant's *basic salary*.

An eligible employee in a key supervisory position earning an $18,000 salary would, for fund purposes, have a *basic salary* of $12,000 (66.6% of $18,000). He would therefore get an award of $6,000, which is equal to .4% of the $1.5 million fund, because his *basic salary* is .4% of the aggregate *basic salaries*. Here again, the award is equal to one-half of the *basic salary* because the fund is at its maximum.

If the bonus fund were down to $500,000 but all other conditions prevailed, the awards for the two participants would be reduced proportionately—$12,500 for the top-echelon position and $2,000 for the key supervisory position.

FORM OF BONUS PAYMENTS

Incentive bonus awards are paid in several ways. They can be in the form of cash or stock or a combination of the two. Twenty of the sixty-two plans provide for payment in the combination form or in stock alone. The other forty-two stipulate cash payments only.

A majority of the plans having a combined form of payment define what portion of the award is to be in cash. A building equipment manufacturer divides cash and stock payments according to the salary level of the recipients:

Salary Level	*% Stock Payment*	*% Cash Payment*
Under $10,000	0	100
$10,000-$14,999	25	75
$15,000-$24,999	50	50
$25,000-$34,999	75	25
$35,000 and over	100	0

A somewhat similar arrangement is followed by a durable goods manufacturer that makes payments of 30% in cash and 70% in stock for awards of less than $10,000, while half the payment is in cash and half in stock for larger awards.

Differing from both of these is the plan of a nonferrous metal processor that makes combined payments of one-third cash and two-thirds stock mandatory for executive officers, with the stock payments made in ten to fifteen annual installments. Participants who are not executive officers receive a single payment, either in cash or stock or both at the discretion of the committee.

Still another approach to the combined form of payment is found in the plans of two aircraft builders. One provides that amounts of $1,000 or less be paid in cash, while larger amounts are paid 75% in stock and 25% in cash. The other plan requires that amounts of $500 or under be paid in cash; anything over $500 is half in cash and half in stock.

A large chemical company makes its awards in both forms, with the proviso that any cash award be used to purchase common stock. Stock payments can be either a new issue prescribed for beneficiaries of the bonus fund or previously issued stock purchased by the company on the open market. The latter is placed in the "stock bonus account" at cost; it is used exclusively for administering the bonus plan. The cash awards must be invested in either the new stock issues and/or the stock available from the "stock bonus account." The price per share of newly issued stock is fixed by the board of directors, while the price per share in the stock bonus account is equal to the average price paid for all shares credited to the account on the date of the awards.

One of the most popular plans providing a combined form of payment is that of General Motors. Adopted in 1918, the plan originally provided that all awards be made in company stock, to be delivered over a period of years. But in 1943, the plan was amended so that awards could be paid in both cash and stock to help recipients meet their income tax obligations—for, in some instances, stepped-up taxes had necessitated the sale of a portion of an executive's stockholdings. In 1945, the plan was further amended to provide for a fifty-fifty split of stock and cash in

the case of large bonuses, and a split of 30% cash-70% stock for smaller awards. The amended plan of 1952 (the one currently in operation) authorizes the committee to determine the percentage of cash and stock to be paid recipients. Also, at the committee's discretion, the award may be made entirely in cash or in stock.

FREQUENCY OF PAYMENTS

Thirty-four of the sixty-two plans require that bonuses be paid in full soon after the awards are announced. Of the twenty-eight remaining plans, one requires that payment be made in semiannual installments in June and December. Another plan empowers the committee to decide whether the award will be paid in a lump sum or in two or more installments. The remaining twenty-six plans provide for payments in three or more annual installments, with four in the group having a maximum of ten annual installments.

When an award is paid in a single lump sum there are no serious tax accounting problems. The recipient reports his award as ordinary income for the year in which the payment is received, and the usual tax amounts are withheld by the company. However, continuing high personal income taxes are the cause of paying bonuses in annual installments. The Tax Court has ruled that recipients of bonus awards paid in installments can be taxed for only the actual amounts they receive during the taxable year—providing that unpaid balances are forthcoming if they remain in the employ of the company. For tax purposes, the company takes the deductions of awards as a business expense in the year payments are made.

All of the twenty-six plans that stretch payments over a number of years contain the proviso that unpaid balances are available only if "earned out." This means that participants do not receive the subsequent installments unless they are still actively employed by the company. The intent here, of course, is to have some assurance that these people will remain with the company. Also, under certain other conditions participants forfeit their rights to balances due them. And whether the participant is a top executive officer or a first-line supervisor he has no vested rights as such to unpaid balances. However, in almost every instance some provision is made for payment of balances in the event of death or retirement. Examples of provisions covering conditions under which installment payments continue are:

- *Railroad*—Awards of less than $1,000 are paid immediately. Awards in excess of $1,000 are paid in five equal annual installments (no installment shall be less than $1,000). Employees retiring before the end of five years are paid the balance due them in lump sum forthwith. In the event of death, the full amount of the balance due is paid to the designated executor or administrator. Employees leaving the company for any reason other than retirement or death forfeit all unpaid balances.
- *Aircraft builder*—Awards of $1,000 or more are payable in five annual installments of 20% or $1,000 whichever is greater. The last four annual installments, with interest, are payable in December of each year. Employees who are terminated for cause or who quit voluntarily may lose all rights to unpaid balances at the discretion of the committee. In the case of death, unpaid balances are paid immediately to the beneficiary or the estate.
- *Durable goods manufacturer*—Awards are paid in five equal annual installments. The second and subsequent annual payments must be earned out. If the employee leaves the company for any reason, he forfeits all unpaid balances except an amount equal to 1/52 of the annual installment due, multiplied by the number of weeks actually worked during that year.
- *Industrial equipment manufacturer*—Awards are to be paid in three annual installments of equal or varying amounts. The second and third annual payments of each award are forfeited in the event that the employee has been discharged for cause; and the committee shall be the sole judge of this. In case of death, the spouse or legal representative receives payments on due dates. Payments also continue on due dates for those employees who retire before receiving all unpaid balances.

An appliance manufacturer's plan provides for six payments, with the first equal to 50% of the award and five annual installments equal to 10% each. Assuming that awards are made for six consecutive years, the schedule of payments would be as follows:

Annual Award for	% Payable in 1955	1956	1957	1958	1959	1960
1954	50%	10%	10%	10%	10%	10%
1955	—	50	10	10	10	10 etc
1956	—	—	50	10	10	10 etc
1957	—	—	—	50	10	10 etc
1958	—	—	—	—	50	10 etc
1959	—	—	—	—	—	50 etc

In this plan, the amount of each participant's award is equal to a percentage of his annual salary. This percentage is the ratio of the aggregate salaries of all participants to the bonus fund. If the aggregate salaries were equal to $2 million and the bonus fund $260,000, each participant's share would then be equal to 13% of his annual salary. However, participation in the plan is also based on the length of continuous service with the company.

The schedule is as follows:

Less than 1 year	No participation
1 to 2 years	1/5 of full participation
2 to 3 years	2/5 of full participation
3 to 4 years	3/5 of full participation
4 to 5 years	4/5 of full participation
5 or more years	Full participation

With awards equal to 13% of annual salary, the amount of the first payment and the subsequent five

installments based on length of service would be as follows:

	% of Annual Salary Paid	
Proportion of Participation	First Payment	Total of Five Installments
1/5	1.3	1.3
2/5	2.6	2.6
3/5	3.9	3.9
4/5	5.2	5.2
Full	6.5	6.5

While provisions for paying awards in installments over a period of years have the immediate advantage of lessening the tax bite for recipients, the time eventually comes when this advantage is lost. On the other hand, installment payments in cash and/or stock are advantageous to the company in that they level off the effects of lean and more substantial years. And hope springs eternal that personal taxes will be lowered in the years ahead. In this respect, bonus awards made in company stock have special tax merit since participants acquire a capital investment. And frequently, a portion of the normal taxes paid on the value of the stock bonus at the time of acquisition is regained when the stock is sold—for the profits are only subject to capital gains tax rates.

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Division of Personnel Administration

Labor Statistics Highlights

THE UPWARD TREND in employment over the year contrasts with a downward movement in January. The civilian labor force at 65,775,000 was about 817,000 less than in December. But compared with the year-ago figures, the civilian labor force in January was up about 3.6%.

Employment stood at 62,891,000 in January, which represents an increase of 2.75 million, or 4.6%, over January, 1955. Unemployment increased about 458,000 from December to January, largely because of the lay-offs that followed the Christmas season and the curtailment of outdoor employment. Compared with January, 1955, unemployment was 462,000 lower this year.

Manufacturing employment for the month was down 211,000 from December, which represents a greater-than-seasonal decline. Cutbacks in automobile production were responsible for an employment drop of 20,000—the largest decline in transportation equipment for the month of January in recent years. And related sections of the fabricated metals group were also affected.

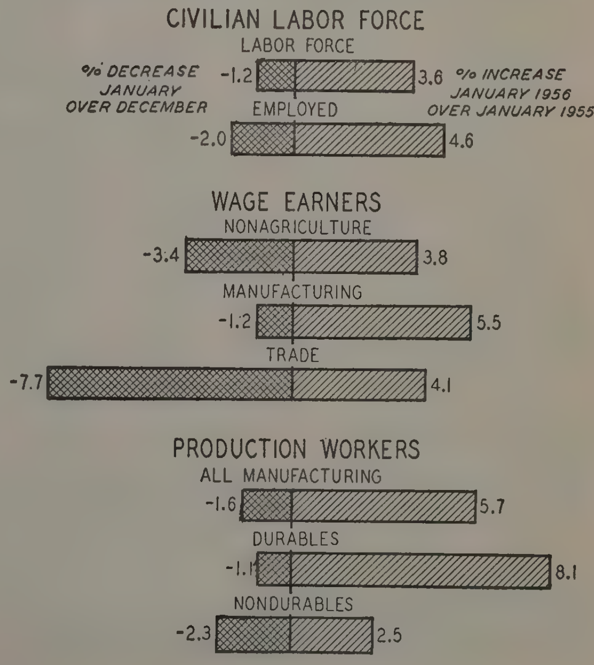
Other nonagricultural classifications showed seasonal employment drops. The largest proportionate decrease in this group was in trade, with a 7.7% decline, occasioned by the post-Christmas lull in business. Construction was next, with an employment decline of 6.8%, due largely to weather conditions.

The changes in the workweek paralleled those in employment. At 40.6 hours, the average number of weekly hours worked in manufacturing was about forty-two minutes less than in December; but the workweek was still about half an hour longer than it was a year ago. Average weekly hours in the durable sector were down to 41.0; this is about an hour shorter than last month, and nearly the same as the level of January, 1955.

Average weekly earnings in all manufacturing, which, of course, are affected by the shorter workweek, were down over the month to $78.36—a drop of $1.35. But compared with a year ago, this represents a 9 cents an hour increase. Average hourly earnings in the durable goods sector increased 9 cents over the year, while in nondurables the increase was 7 cents.

The "Significant Labor Statistics" table appears on the next page.—M.M.

Changes in Employment for Selected Groups



Significant Labor Statistics

Item	Unit	1955							Year Ago	Percentage Chang	
		Jan.	Dec.	Nov.	Oct.	Sept.	Aug.	July		Latest Month over Previous Month	Lates Month over Year Ago
Consumer Price Indexes											
All Items	1953 = 100	101.1	101.0	100.7	100.7	100.5	100.3	100.3	99.9	+0.1	+1.
Food	1953 = 100	97.5	97.9	98.0	98.6	98.5	98.2	98.6	98.2	−0.4	−0.
Housing	1953 = 100	102.2	102.1	102.0	101.9	101.6	101.5	101.2	101.2	+0.1	+1.
Apparel	1953 = 100	99.3	99.3	99.3	99.4	99.3	99.2	98.9	98.8	0	+0.
Transportation	1953 = 100	105.8	104.7	102.9	101.3	100.9	100.6	100.5	100.0	+1.1	+5.
Sundries	1953 = 100	103.1	102.9	102.7	102.7	102.6	102.3	102.1	101.3	+0.2	+1.
Purchasing Value of Dollar	1953 dollars	98.9	99.0	99.3	99.3	99.5	99.7	99.7	100.1	−0.1	−1.
(*BLS*) All Items	1947–1949 = 100	114.6	114.7	115.0	114.9	114.9	114.5	114.7	114.3	−0.1	+0.
Employment Status [1]											
Civilian labor force	thousands	65,775	66,592	67,206	67,292	66,882	67,725	67,465	63,497	−1.2	+3.
Employed	thousands	62,891	64,165	64,807	65,161	64,733	65,488	64,995	60,150	−2.0	+4.
Agriculture	thousands	5,635	5,884	6,920	7,905	7,875	7,536	7,704	5,297	−4.2	+6.
Nonagricultural industries	thousands	57,256	58,281	57,887	57,256	56,858	57,952	57,291	54,853	−1.8	+4.
Unemployed	thousands	2,885	2,427	2,398	2,131	2,149	2,237	2,471	3,347	+18.9	−13.
Index of unemployment*	1947–1949 = 100	*na*	*na*	103	105	96	97	91	114	—	—
Wage Earners [2,3]											
Employees in nonagr'l establishm'nts	thousands	*p* 49,541	*r* 51,299	*r* 50,629	50,471	50,322	49,858	49,420	47,741	−3.4	+3.
Manufacturing	thousands	*p* 16,798	*r* 17,009	*r* 17,049	16,999	16,915	16,807	16,475	15,925	−1.2	+5.
Mining	thousands	*p* 746	*r* 754	754	751	758	754	749	741	−1.1	+0.
Construction	thousands	*p* 2,243	*r* 2,407	*r* 2,580	2,685	2,748	2,746	2,701	2,237	−6.8	+0.
Transportation and public utilities	thousands	*p* 4,095	*r* 4,164	*r* 4,143	4,127	4,152	4,137	4,113	3,927	−1.7	+4.
Trade	thousands	*p* 10,845	*r* 11,747	*r* 11,126	10,909	10,824	10,638	10,633	10,419	−7.7	+4.
Finance	thousands	*p* 2,216	*r* 2,220	*r* 2,213	2,216	2,223	2,241	2,237	2,124	−0.2	+4.
Service	thousands	*p* 5,600	*r* 5,658	*r* 5,690	5,730	5,791	5,818	5,816	5,533	−1.0	+1.
Government	thousands	*p* 6,998	*r* 7,340	*r* 7,074	7,054	6,911	6,717	6,696	6,835	−4.7	+2.
Production and related workers in mfg. employment											
All manufacturing	thousands	*p* 13,240	*r* 13,460	*r* 13,498	13,446	13,373	13,262	12,951	12,523	−1.6	+5.
Durable	thousands	*p* 7,763	*r* 7,853	*r* 7,839	7,729	7,623	7,553	7,499	7,182	−1.1	+8.
Nondurable	thousands	*p* 5,477	*r* 5,607	*r* 5,659	5,717	5,750	5,709	5,452	5,341	−2.3	+2.
Average weekly hours											
All manufacturing	number	*p* 40.6	*r* 41.3	41.2	41.1	40.9	40.6	40.4	40.2	−1.7	+1.
Durable	number	*p* 41.0	*r* 41.9	41.9	41.7	41.5	41.1	40.9	40.9	−2.1	+0.
Nondurable	number	*p* 39.9	*r* 40.4	40.3	40.3	40.2	39.9	39.7	39.3	−1.2	+1.
Average hourly earnings											
All manufacturing	dollars	*p* 1.93	*r* 1.93	1.93	1.91	1.90	1.88	1.89	1.84	0	+4.
Durable	dollars	*p* 2.05	*r* 2.06	2.06	2.04	2.03	2.01	2.01	1.96	−0.5	+4.
Nondurable	dollars	*p* 1.75	*r* 1.74	1.74	1.72	1.72	1.70	1.71	1.68	+0.6	+4.
Average weekly earnings											
All manufacturing	dollars	*p* 78.36	*r* 79.71	79.52	78.50	77.71	76.33	76.36	73.97	−1.7	+5.
Durable	dollars	*p* 84.05	*r* 86.31	86.31	85.07	84.25	82.61	82.21	80.16	−2.6	+4.
Nondurable	dollars	*p* 69.83	*r* 70.30	70.12	69.32	69.14	67.83	67.89	66.02	−0.7	+5.
Straight time hourly earnings (estimated)											
All manufacturing	dollars	*p* 1.87	*r* 1.86	1.86	1.84	1.83	1.83	1.82	1.79	+0.5	+4.
Durable	dollars	*p* 1.98	1.97	1.97	1.96	1.95	1.94	1.94	1.89	+0.5	+4.
Nondurable	dollars	*p* 1.70	1.69	1.69	1.67	1.67	1.66	1.67	1.64	+0.6	+3.
Turnover Rates in Manufacturing [2]											
Separations	per 100 employees	*p* 3.6	*r* 3.0	3.1	3.5	4.4	4.0	3.2	2.9	+20.0	+24.
Quits	per 100 employees	*p* 1.4	1.1	1.4	1.8	2.8	2.2	1.6	1.0	+27.3	+40.
Discharges	per 100 employees	*p* 0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.2	+50.0	+50.
Layoffs	per 100 employees	*p* 1.7	1.4	1.2	1.1	1.1	1.3	1.1	1.5	+21.4	+13.
Accessions	per 100 employees	*p* 3.3	*r* 2.5	3.3	4.1	4.4	4.5	3.4	3.3	+32.0	0

[1] Bureau of the Census
[2] Bureau of Labor Statistics
[3] The BLS had adjusted its nonfarm employment and hours and earnings series to first quarter 1954 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since January, 1951.

p Preliminary   *r* Revised
* This index of unemployment is a seasonally adjusted index and provides a measu of unemployment from which seasonal fluctuations have been removed insofar possible.
na Not available.

New Year, Old Trend in Consumer Prices

THE SLIGHT UPWARD TREND in consumer prices, which characterized 1955, continued into 1956. Prices in January were up 0.1% from the December level, according to THE CONFERENCE BOARD'S United States index. This increase brought the all-items index to 101.1 (1953=100), which is 1.2% above the January, 1955, index of 99.9.

The purchasing value of the dollar started the year at an all-time low. It was 98.9 cents (1953 dollar=100 cents), down 0.1 cent from December and down 1.2 cents from January, 1955.

January Changes in the Components

The slight rise in the general price level was brought about by a 1.1% advance in the transportation index, which was augmented by lesser increases of 0.2% for sundries and 0.1% for housing. The 0.4% decline in food prices was not sufficient to offset these increases. The apparel index was the only one to remain unchanged over the month.

Food prices, which usually show some seasonal increases at this time of the year, were down 0.4% over the month. This decline was caused primarily by a further slide of meat prices. The meat, fish and poultry group, down 1.7%, has been registering price declines for four consecutive months. While the lower prices make meat more attractive to consumers, record production still keeps supplies ahead of demand. Pork prices, which took the lead in the downward trend, were 4.1% lower over the month, while beef moved down 1.6% and poultry 0.5%.

Cheaper pork also brought lard prices down, and other fats were lower too. And this, combined with downward fluctuating coffee prices, accounted for the 0.2% decrease in the "other food" index. The cereal and bakery products index, up 0.5%, registered its largest gain in the last two years. Increases were recorded throughout the group. Dairy products and eggs were up 0.2% as higher prices were reported for eggs, butter and evaporated milk. The fruits and vegetables index remained unchanged over the month as a result of counterbalancing movements within the group. Fresh vegetables advanced 1.2%, as supplies which are usually short at this time of year were made even scarcer by the Florida frosts. Fresh fruits, principally oranges and bananas, on the other hand, were plentiful and prices were lower.

Housing costs were 0.1% higher than in December, primarily because of a 0.5% advance in the fuel, power and water index. Solid fuels moved up in most cities, while gas rates increased 0.7%. Furnishings and equipment were up 0.1%, with prices for furniture higher but those for electrical equipment lower. The 0.3% rise in the cost of household operations reflected more expensive household supplies and laundry services.

The apparel index remained unchanged in January even though men's clothing and dry cleaning services were higher. These advances were offset by lower prices for women's apparel, with woolen clothing contributing most to the 0.3% decline in this index.

Transportation costs advanced 1.1% over the month, as public transportation charges and automobile transportation costs each went up 1.0%. The sundries index rose 0.2%, reflecting scattered and fractional increases in all its constituent parts.

A small part of the over-all increase in the United States index is attributable to an additional sales tax levy of .5% in Bridgeport for purposes of flood relief.

January Prices Up Compared with Year Ago

Compared with a year ago, consumer prices were up 1.2%. January, 1956, was the second consecutive month to record prices more than 1% above the corresponding year-ago level. A drop of 0.7% in food prices took some of the edge off the substantial increases in all other areas of consumer spending. Meat, fish and poultry prices were 6.3% lower than in January, 1955. The "other food" group was down 4.1%, reflecting lower coffee and fat prices. These decreases were partly counterbalanced by higher-priced dairy products and eggs (up 6.1%), fruits and vegetables (up 2.7%) and cereal and bakery products (up 0.9%).

Housing costs rose 1.0% over the year, reflecting substantial increases in all parts of this index. Rent rose 1.2%, fuel, power and water 1.0%, furnishings and equipment 1.0% and other household operations 1.5%.

Apparel was 0.5% higher—entirely because of price increases for men's apparel and materials and services. Women's clothing was 0.3% cheaper than a year ago.

The transportation index showed the greatest increase from a year ago; it was up 5.8%. This increase

Consumer Price Index—United States

Cities over 50,000 in population
1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Mat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vegetables	Other Food at Home	Total	Rent	Fuel, Power, Water Total	Gas	Electricity
1954 July	100.5	100.8	98.9	103.0	91.9	101.0	114.6	100.7	104.5	100.0	101.7	100.9
August	100.4	100.3	98.0	103.3	93.4	98.3	114.6	100.7	104.7	100.0	101.4	101.1
September	100.3	99.6	97.0	103.3	94.0	96.9	112.9	100.8	104.8	100.2	101.4	101.0
October	100.0	98.8	94.8	103.4	94.3	96.5	112.2	101.0	105.2	101.0	101.5	101.0
November	100.0	98.6	94.7	103.7	94.6	96.4	110.6	101.0	105.3	100.7	101.5	101.0
December	99.8	97.9	93.7	104.0	93.5	95.5	110.5	101.1	105.3	101.1	101.6	101.0
Annual Average	100.2	99.5	97.7	103.2	94.2	97.0	110.7	100.9	104.3	101.1	102.7	100.7
1955 January	99.9	98.2	94.3	104.0	92.8	97.1	110.2	101.2	105.5	102.7	104.8	100.9
February	99.9	98.2	94.4	104.2	93.6	97.4	108.8	101.2	105.5	103.1	105.2	100.9
March	100.1	98.4	94.1	104.3	94.2	99.1	107.5	101.3	105.7	103.3	105.6	101.0
April	100.1	98.3	94.3	104.3	93.0	100.7	106.5	101.5	105.8	103.5	106.5	101.1
May	100.2	98.4	94.0	104.4	91.7	104.1	105.7	101.4	105.8	102.9	106.5	101.1
June	100.2	98.3	94.6	104.4	91.5	103.5	104.6	101.4	105.8	102.7	106.7	101.2
July	100.3	98.6	94.9	104.6	92.4	103.6	104.6	101.2	106.2	101.4	103.9	101.6
August	100.3	98.2	94.5	104.7	94.5	99.1	104.7	101.5	106.2	101.8	104.2	101.7
September	100.5	98.5	94.9	104.8	96.4	97.4	105.1	101.6	106.3	102.1	104.5	101.7
October	100.7	98.6	94.0	104.8	97.4	97.7	105.5	101.9	106.5	102.6	104.5	101.8
November	100.7	98.0	91.7	104.4	97.7	98.0	105.6	102.0	106.6	102.9	105.0	101.8
December	101.0	97.9	89.9	104.4	98.3	99.7	105.9	102.1	106.8	103.2	105.3	101.8
Annual Average	100.3	98.3	93.8	104.4	94.5	99.8	106.2	101.5	106.1	102.7	105.2	101.4
1956 January	101.1	97.5	88.4	104.9	98.5	99.7	105.7	102.2	106.8	103.7	106.0	101.9

	HOUSING (continued)		APPAREL			TRANSPORTATION	SUNDRIES	PURCHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnishings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939=100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49 = 100)
1954 July	98.6	100.2	98.9	99.4	98.5	100.2	100.9	99.5	182.5	54.8	114.4
August	98.5	100.3	99.0	99.4	98.6	100.4	101.0	99.6	182.3	54.9	114.3
September	98.6	100.4	99.0	99.5	98.6	100.5	101.1	99.8	182.1	54.9	114.2
October	98.6	100.4	99.0	99.4	98.6	100.1	101.1	100.0	181.6	55.1	113.8
November	98.7	100.5	99.0	99.4	98.6	100.2	101.2	100.0	181.6	55.1	113.8
December	98.6	100.5	98.9	99.3	98.5	99.9	101.3	100.2	181.2	55.2	113.6
Annual Average	98.9	100.3	99.2	99.5	98.9	100.1	101.0	99.8	182.0	54.9	114.1
1955 January	98.3	100.5	98.8	99.3	98.3	100.0	101.3	100.1	181.5	55.1	113.7
February	98.0	100.5	98.8	99.3	98.2	100.1	101.3	100.1	181.5	55.1	113.8
March	98.1	100.7	98.9	99.2	98.4	100.3	101.3	100.0	181.7	55.0	113.9
April	98.3	100.7	98.9	99.2	98.4	100.2	101.5	99.9	181.8	55.0	113.9
May	98.2	100.8	98.8	99.2	98.3	100.4	101.6	99.8	181.9	55.0	114.0
June	98.2	100.6	98.8	99.2	98.2	101.3	101.8	99.8	182.1	54.9	114.1
July	98.0	100.7	98.9	99.2	98.2	100.5	102.1	99.7	182.1	54.9	114.1
August	98.3	101.0	99.2	99.6	98.5	100.6	102.3	99.7	182.2	54.9	114.2
September	98.4	101.2	99.3	99.7	98.6	100.9	102.6	99.5	182.5	54.8	114.4
October	98.7	101.4	99.4	99.6	98.7	101.3	102.7	99.3	182.9	54.7	114.6
November	98.9	101.5	99.3	99.7	98.4	102.9	102.7	99.3	182.9	54.7	114.7
December	99.2	101.7	99.3	99.7	98.3	104.7	102.9	99.0	183.4	54.5	114.9
Annual Average	98.4	100.9	99.0	99.4	98.4	101.1	102.0	99.7	182.2	54.9	114.2
1956 January	99.3	102.0	99.3	99.8	98.0	105.8	103.1	98.9	183.6	54.5	115.0

Consumer Price Index—United States

Annual average 1914-1954[a]
1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914	40.3	248.1	1925	67.8	147.5	1935	53.6	186.6	1945	70.2	142.5
1915	40.0	250.0	1926	68.3	146.4	1936	54.8	182.5	1946	74.9	133.5
1916	43.0	232.6	1927	66.9	149.5	1937	57.2	174.8	1947	84.7	118.1
1917	51.3	194.9	1928	65.9	151.7	1938	55.7	179.5	1948	90.1	111.0
1918	59.5	168.1	1929	65.6	152.4	1939	55.0	181.8	1949	88.8	112.6
1919	67.6	147.9	1930	63.4	157.7	1940	55.4	180.5	1950	90.0	111.1
1920	77.8	128.5	1931	57.0	175.4	1941	58.3	171.5	1951	97.0	103.1
1921	66.8	149.7	1932	50.9	196.5	1942	64.5	155.0	1952	99.5	100.5
1922	63.6	157.2	1933	49.0	204.1	1943	68.2	146.6	1953	100.0	100.0
1923	65.4	152.9	1934	51.8	193.1	1944	69.1	144.7	1954	100.2	99.8
1924	66.1	151.3							1955	100.3	99.7

[a] Indexes from 1914 through 1919 are for the month of July only and are not annual averages.

Consumer Price Index

1953 = 100

These indexes show changes in consumer prices only. They do NOT show intercity differences in price level or standards of living.

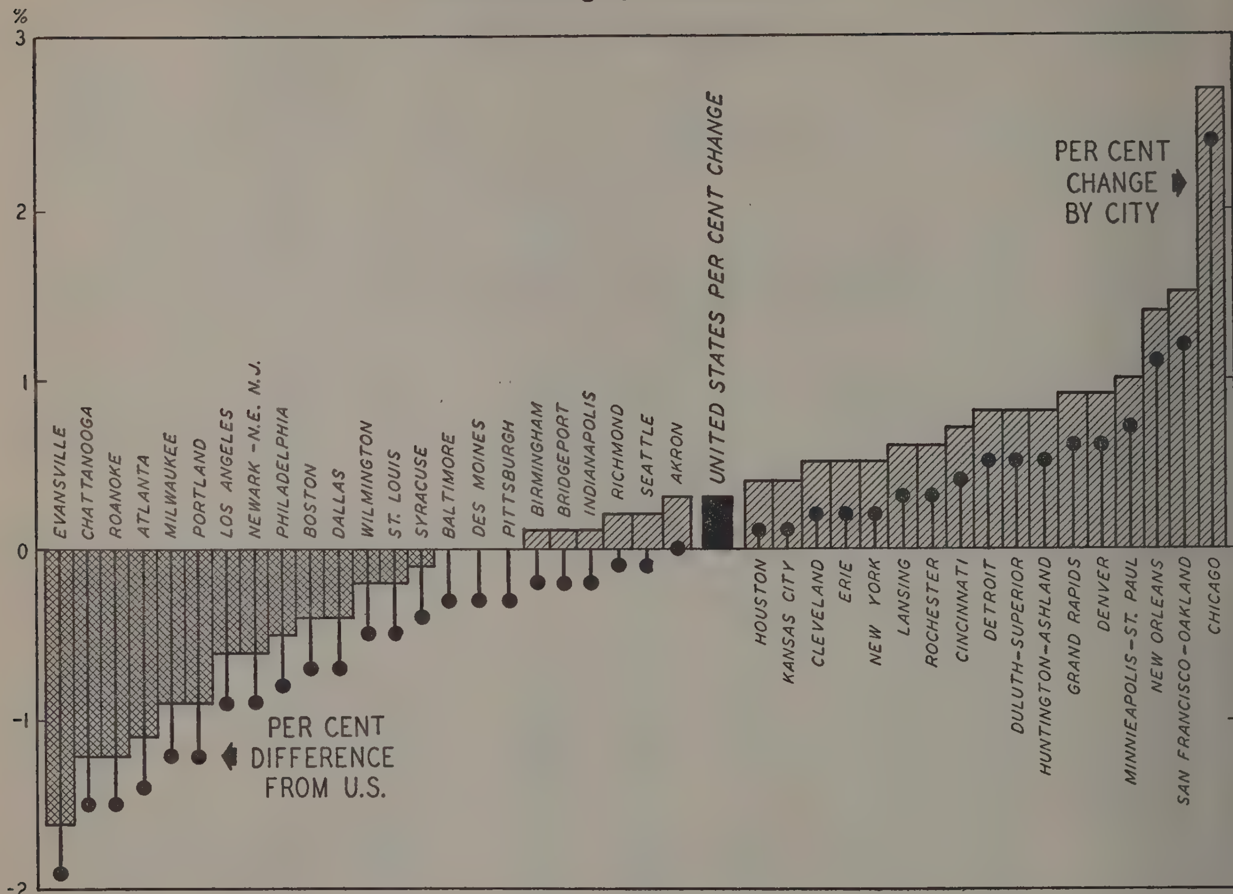
Cities Surveyed Monthly

	Index Numbers 1953 = 100			Percentage Changes			Index Numbers 1953 = 100			Percentage Changes	
	Jan. 1956	Dec. 1955	Jan. 1955	Dec. 1955 to Jan. 1956	Jan. 1955 to Jan. 1956		Jan. 1956	Dec. 1955	Jan. 1955	Dec. 1955 to Jan. 1956	Jan. 1955 to Jan. 1956
Chicago						**Los Angeles**					
All Items	104.0	103.5	101.8	+0.5	+2.2	All Items	100.1	99.7	99.4	+0.4	+0.7
Food	98.9	100.1	99.7	−1.2	−0.8	Food	95.9	96.1	96.4	−0.2	−0.5
Housing	107.8	107.9	105.2	−0.1	+2.5	Housing	101.6	101.3	101.3	+0.3	+0.3
Apparel	100.2	100.3	98.3	−0.1	+1.9	Apparel	99.1	99.1	99.6	0	−0.5
Transportation	106.9	102.9	101.0	+3.9	+5.8	Transportation	103.3	100.6	100.0	+2.7	+3.3
Sundries	106.1	104.4	102.4	+1.6	+3.6	Sundries	101.8	102.1	100.3	−0.3	+1.5
Houston						**New York**					
All Items	101.3	101.4	99.8	−0.1	+1.5	All Items	100.7	100.8	100.4	−0.1	+0.3
Food	98.7	98.6	97.7	+0.1	+1.0	Food	96.9	96.8	98.0	+0.1	−1.1
Housing	102.0	101.7	101.0	+0.3	+1.0	Housing	102.7	102.6	101.8	+0.1	+0.9
Apparel	99.2	99.2	99.6	0	−0.4	Apparel	97.9	98.3	97.7	−0.4	+0.2
Transportation	105.6	106.4	100.3	−0.8	+5.3	Transportation	111.9	112.5	107.8	−0.5	+3.8
Sundries	102.2	102.2	100.8	0	+1.4	Sundries	101.9	101.8	101.2	+0.1	+0.7

Cities Surveyed Quarterly

	Index Numbers 1953 = 100			Percentage Changes			Index Numbers 1953 = 100			Percentage Changes	
	Jan. 1956	Oct. 1955	Jan. 1955	Oct. 1955 to Jan. 1956	Jan. 1955 to Jan. 1956		Jan. 1956	Oct. 1955	Jan. 1955	Oct. 1955 to Jan. 1956	Jan. 1955 to Jan. 1956
Birmingham						**Newark-N. E. N. J.**					
All Items	100.9	101.3	99.1	−0.4	+1.8	All Items	100.5	100.2	99.2	+0.3	+1.3
Food	96.2	99.4	97.6	−3.2	−1.4	Food	98.5	100.3	98.8	−1.8	−0.3
Housing	101.8	101.4	100.5	+0.4	+1.3	Housing	101.0	100.5	99.6	+0.5	+1.4
Apparel	99.9	99.8	98.7	+0.1	+1.2	Apparel	97.4	98.1	98.5	−0.7	−1.1
Transportation	103.0	101.8	96.6	+1.2	+6.6	Transportation	104.5	98.7	98.4	+5.9	+6.2
Sundries	105.6	104.8	101.3	+0.8	+4.2	Sundries	102.5	101.8	100.2	+0.7	+2.3
Bridgeport						**New Orleans**					
All Items	101.2	100.9	99.7	+0.3	+1.5	All Items	101.8	101.4	101.0	+0.4	+0.8
Food	97.4	98.8	98.3	−1.4	−0.9	Food	101.2	100.6	101.3	+0.6	−0.1
Housing	101.0	100.6	100.2	+0.4	+0.8	Housing	102.9	102.0	101.8	+0.9	+1.1
Apparel	99.5	99.2	98.8	+0.3	+0.7	Apparel	100.7	99.4	99.0	+1.3	+1.7
Transportation	107.3	103.8	99.5	+3.4	+7.8	Transportation	98.6	98.8	96.9	−0.2	+1.8
Sundries	104.3	103.7	101.8	+0.6	+2.5	Sundries	104.4	105.2	103.4	−0.8	+1.0
Cincinnati						**Philadelphia**					
All Items	102.2	101.9	99.8	+0.3	+2.4	All Items	100.4	99.8	99.4	+0.6	+1.0
Food	96.6	98.5	98.1	−1.9	−1.5	Food	96.6	97.7	97.9	−1.1	−1.3
Housing	103.8	103.9	101.9	−0.1	+1.9	Housing	100.8	99.7	99.6	+1.1	+1.2
Apparel	101.2	100.6	99.4	+0.6	+1.8	Apparel	99.2	99.4	98.4	−0.2	+0.8
Transportation	106.3	101.8	98.6	+4.4	+7.8	Transportation	107.4	102.9	101.7	+4.4	+5.6
Sundries	105.6	105.1	100.4	+0.5	+5.2	Sundries	103.3	102.3	100.9	+1.0	+2.4
Erie						**Roanoke**					
All Items	101.8	101.5	99.5	+0.3	+2.3	All Items	99.6	99.0	98.9	+0.6	+0.7
Food	98.2	99.2	96.0	−1.0	+2.3	Food	95.0	95.5	97.6	−0.5	−2.7
Housing	102.3	102.0	101.2	+0.3	+1.1	Housing	101.6	101.3	100.1	+0.3	+1.5
Apparel	99.4	99.7	100.5	−0.3	−1.1	Apparel	96.7	96.7	96.6	0	+0.1
Transportation	103.2	99.3	96.6	+3.9	+6.8	Transportation	105.8	102.1	98.9	+3.6	+7.0
Sundries	106.8	106.7	103.4	+0.1	+3.3	Sundries	100.0	99.6	100.1	+0.4	−0.1
Grand Rapids						**Seattle**					
All Items	102.0	101.9	100.2	+0.1	+1.8	All Items	101.4	100.7	99.6	+0.7	+1.8
Food	99.7	102.0	99.2	−2.3	+0.5	Food	99.2	99.3	99.4	−0.1	−0.2
Housing	102.5	101.7	101.2	+0.8	+1.3	Housing	100.5	100.3	99.3	+0.2	+1.2
Apparel	101.5	102.1	99.7	−0.6	+1.8	Apparel	98.9	99.2	98.6	−0.3	+0.3
Transportation	102.9	102.0	99.8	+0.9	+3.1	Transportation	103.2	99.5	98.6	+3.7	+4.7
Sundries	104.1	101.9	100.6	+2.2	+3.5	Sundries	105.7	105.3	101.6	+0.4	+4.0
Minneapolis-St. Paul						**Syracuse**					
All Items	101.8	101.6	100.3	+0.2	+1.5	All Items	100.3	100.0	99.8	+0.3	+0.5
Food	100.4	100.9	98.0	−0.5	+2.4	Food	96.1	97.3	97.5	−1.2	−1.4
Housing	102.7	102.3	101.6	+0.4	+1.1	Housing	101.4	101.0	100.5	+0.4	+0.9
Apparel	100.7	100.6	100.7	+0.1	0	Apparel	100.8	99.6	99.5	+1.2	+1.3
Transportation	100.5	99.2	99.8	+1.3	+0.7	Transportation	104.9	102.5	100.2	+2.3	+4.7
Sundries	102.9	102.7	100.3	+0.2	+2.6	Sundries	101.9	101.4	102.1	+0.5	−0.2

Price Changes, 1953 - 1955



was the result of steady advances in public transportation costs and automobile upkeep, along with higher prices for the 1956 cars. Sundries was up 1.8%, with services and drugs accounting for most of the increase.

Individual City Price Changes since 1953

During 1955, consumer prices for the United States as a whole were 0.3% above those of 1953. This, however, does not indicate that prices advanced 0.3% throughout the country. On the contrary, the individual cities surveyed for the Board's consumer price index registered widely varying price changes over the last three years.

The accompanying chart compares price changes in the individual cities with those in the United States as a whole. It shows that of the forty cities included in the index, only Akron registered a price increase identical to that of the United States. Seventeen cities chalked up greater advances than the U.S., while of the remaining twenty-two, five reported increases below 0.3%, three remained unchanged, and fourteen recorded decreases.

The consumer in Chicago had to contend with the greatest price increase. He found that his 1955 dollar was worth only 97.3 cents, in terms of the 1953 dollar. On the other hand, a family in Evansville, Indiana, saw the purchasing value of its consumer dollar increase 1.6 cents during the same period. Thus price changes varied from +2.7% in Chicago to —1.6% in Evansville. And not only did the price changes show a rather wide range, but they were distributed in such a way that no geographical pattern is apparent. Using the regions established by the Bureau of the Census, wide variations are found within each region. For the Northeast, the changes recorded ranged from a 0.3% increase in Rochester to a 0.9% decrease in Philadelphia. In the North Central area, the range was from +2.4% in Chicago to —1.2% in Milwaukee; in the South, the price level in New Orleans increased 1.1%, but in Roanoke it dropped 1.5%. The range for the West was from +1.2% in San Francisco to —0.9% in Los Angeles.

HELEN BACHNER
Statistical Division

Wage Increases Follow Pattern

Confirmed adjustments include increases resulting from the new minimum wage law and voluntary management offers as well as bargained agreements

WAGE AND SALARY increases confirmed by THE CONFERENCE BOARD during the mid-January to mid-February period reaffirm the upward trend in wages and salaries. With one exception—an initial contract—the forty-one adjustments noted grant wage boosts and 75% of them include new or liberalized fringe benefits.

One adjustment, a 10-cent hourly increase in the apparel industry, is a result of the new minimum wage of a dollar an hour, which became effective March 1. Among the collective bargaining agreements, two are particularly noteworthy. One is the settlement between Westinghouse Electric Corporation and the Brotherhood of Electrical Workers, formerly AFL, that grants a wage increase on a four-way basis. The other is the settlement between the International Harvester Company and the Harvester Federal Labor Union which provides supplemental unemployment benefits and major medical insurance in addition to wage increases and other benefits.

Eight cents is the average hourly wage increase for the adjustments tabulated; the range is from 3 cents to 14 cents an hour. Thirty-two settlements, or over 75%, provide for wage increases of from 7 cents to 11 cents per hour (see chart).

The Westinghouse Contract with IBEW

The Westinghouse Electric Corporation—which has been involved in a marathon strike with the International Electrical Workers, the former CIO union—has negotiated a five-year pact with the International Brotherhood of Electrical Workers, the former AFL union, which is the bargaining representative for some 1,500 wage and salaried employees in this company. The increases provided parallel those given to Westinghouse nonunion salaried people last fall.

The adjustments fall into four general categories. First, the base rates are increased by amounts ranging from .5 cent to 12 cents an hour for hourly workers and from 20 cents to $4.80 per week for salaried employees who are paid on the basis of a forty-hour week. Proportionately smaller increases are granted to salaried employees on a weekly schedule of less than forty hours. Salaried employees paid monthly receive base-rate increases ranging from 85 cents to $20.80 per month.

Second, earnings are further increased by 3%, with a minimum hourly increase of 4.5 cents and a minimum increase of $1.80 for salaried employees paid on a weekly basis, and $7.80 for salaried employees paid monthly.

A third aspect of the settlement is that deferred increases will be added each year to the initial 3%, thereby changing the total per cent increase to the amounts shown in the following tabulation:

Effective Date	Total Per Cent Increase	Total Hourly Increase To Be No Less Than:	Total Weekly and Monthly Increase (40-hr. Weekly Schedule) To Be No Less Than:	
			Weekly	Monthly
Oct. 15, 1956	6%	$.09	$3.60	$15.60
Oct. 14, 1957	9	.135	5.40	23.40
Oct. 13, 1958	12½	.185	7.40	32.05
Oct. 12, 1959	16	.235	9.40	40.70

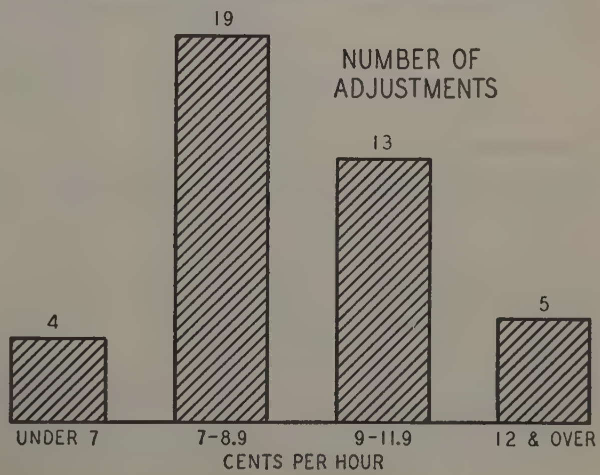
Finally, an escalator cost of living arrangement with a floor at the October, 1955, consumer price index level permits an additional .5% increase for each one-half-point rise in the index.

The International Harvester Contract

The main features of the agreement between International Harvester and the Harvester Federal Labor

(Text continued on page 115)

Distribution of Confirmed Wage Adjustments



Wage Adjustments Announced Prior to February 15, 1956

Company and Union(s)	No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Apparel				
Pottsville Mills Pottsville, Pa. *Garment Workers, AFL-CIO*	210 WE 2-20-56 (signed 1-19-56)	$.07 per hr.	None	Result of wage reopening i 2 yr. contract
Powers Manufacturing Co. Waterloo, Iowa *Garment Workers, AFL-CIO*	130 WE 3-1-56 (signed 12-1-55)	$.10 per hr. 10% piece work	None	Result of federal minimum wage requirement
Chemical and Allied Products				
Allied Chemical and Dye Corp. Hopewell, Va. *District 50, UMWA, ind.*	1,450 WE 1-15-56	6%	1 add'l. pd. hol.	Result of wage reopening i 2 yr. contract
United Employers, Inc. Alemeda, Contra Costa, and Sonoma Counties, Calif. *Paint Makers*	400 WE 12-1-55	4%	None	Result of wage reopening Contract expires 12-1-56
Construction				
Associated General Contractors Baltimore, Md. *Laborers District Council, AFL-CIO (various building trades unions)*	*n.a.* 11-15-55	$.075 per hr.; add'l. $.05 per hr., 1-15-56; add'l. $.075 per hr., 5-15-56	None	Result of contract expiratio Contract term—18 mos.
Seattle, Wash. *Iron Workers, AFL-CIO*	1,000 WE 1-1-56	$.10 per hr.	None	Result of wage reopening. Contract expires 1-1-57
Electrical Machinery, Equipment & Supplies				
General Cable Corporation Rome, N. Y.; Emeryville and Los Angeles, Calif. *Electrical Workers, ind.*	1,600 WE 12-8-55	$.11 per hr.—WE; $19.03 per mo. (Los Angeles only)—S	Improved insurance program	Result of wage reopening
Minneapolis Honeywell Regulator Co. Minneapolis, Minn. *Teamsters, AFL-CIO*	7,000 WE 12-15-55	$.07 to $.14 per hr.	(1) ½ add'l. pd. hol. (2) Improved hospital and surgical benefits (3) 4 wks.' vacation pay after 25 yrs.	Result of wage reopening. Contract expires 2-1-58; wage reopening 2-1-57
Westinghouse Electric Corporation Interstate *Electrical Workers, AFL-CIO—WE & S*	1,300 WE 225 S 10-15-55 (signed 1-56)	(1) Up to $.12 per hr.—WE (skilled) Up to $4.80 per wk. or $20.80 per mo.—S (2) 3%, 10-15-55; incr. to 6% eff. 10-15-56; 9% eff. 10-14-57; 12½% eff. 10-13-58; 16% eff. 10-12-59	(1) Improved insurance (2) Improved pensions (3) Improved vacations (4) 3 days' pd. funeral leave (5) 4 hrs.' call-in pay (6) Improved cost of living formula	Result of contract modifi cation provision. Contrac term—5 yrs. Employmen security reopener 10-1-58
Fabricated Metal Products				
New York Lamp and Shade Manufacturers Association, Inc. New York, N. Y. *Electrical Workers, AFL-CIO*	3,000 WE 12-15-55	$.10 per hr., add'l $.05 per hr. 12-15-56 and again 7-15-57	None	Result of contract expira tion. Contract term—2 yr
Food and Kindred Products				
Adams Packing Association Auburndale, Fla. *Citrus Workers, AFL-CIO*	750 WE 12-14-55	$.10 per hr.	None	Result of contract expira tion. Contract term—1 y
Kind and Knox Gelatin Company Camden, N. J. *Packinghouse Workers, AFL-CIO*	118 WE 12-1-55	$.10 per hr., $.02 of which is deferred to 6-1-56 for some employees	None	Result of wage reopening Contract expires 12-1-56

▲ In the February *Management Record*, New Jersey Bell Telephone Co. was erroneously reported as having agreed upon three weeks' vacation for employees formerly entitled to weeks. The settlement actually provided for two weeks' vacation instead of one.

Company and Union(s)	No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
U. S. Cold Storage Corporation Chicago, Ill. *Packinghouse Workers, AFL-CIO*	150 WE 12-1-55	$.14 per hr.	(1) Pension plan (2) Incr. group insurance benefits (3) Improved hospitalization	Result of contract expiration. Contract term—1 yr.
Furniture and Fixtures				
Kroehler Mfg. Co. Naperville and Kankakee, Ill., Binghamton, N.Y., Dallas, Tex., Inglewood and Pittsburgh, Calif., Cleveland and Xenia, Ohio, and Charlotte, N. C. *Upholsterers, AFL-CIO*	3,000 WE 1-3-56	$.08 per hr.	Add'l. half-hol.	Result of contract expiration. Contract term—1 yr.
Leather and Leather Products				
Brown Shoe Company Interstate *Boot and Shoe Workers, and United Shoe Workers (both AFL-CIO)—WE* *No union—S*	12,500 WE 10-31-55 300 S 11-1-55 (signed 12-2-55)	5%; add'l 3%, 4-30-56	3% to pension plan eff. 10-31-57 if accepted by union by 7-31-57—WE	Result of contract expiration. Contract term—2 yrs. with 3rd yr. optional
Lumber and Wood Products				
Weyerhauser Timber Company Ore. and Wash. *Woodworkers, AFL-CIO*	8,000 WE 12-1-55	$.0875 per hr.	(1) Liberalized vacations and hols. (2) Pensions start 6-1-57	Result of mutual agreement. Wage reopening 6-1-57. Contract expires 6-1-58
Machinery (except Electrical)				
Columbus-McKinnon Chain Corporation Tonowanda, N. Y. *Electrical Workers, ind.*	385 WE 12-19-55	$.08 per hr., add'l. $.05 per hr. for group leaders	(1) Pension plan (2) 1 add'l. pd. hol. (2 half-hols.) (3) 2½ wks.' vacation after 10 yrs. (4) Incr. hospital-medical coverage (5) 3 days' pd. funeral leave	Result of contract expiration. Contract expires 8-5-58. Wage reopenings 9-20-56 and 8-5-57
International Harvester Company Milwaukee, Wis. *Harvester Federal Labor Union, AFL-CIO*	3,679 WE 12-11-55	$.13 per hr. av. ($.11 per hr. general incr. plus $.05 to $.36 per hr. for skilled trades and upper labor grades)	(1) 2½ wks.' vacation after 10 yrs., instead of 2 wks. (2) 1 add'l pd. hol.; total 7 (3) SUB plan providing for 65% of after-tax-take-home pay for first 4 wks. of layoff, 60% for up to 22 more wks. (4) Disability benefits incr. from $27.50-$42.50 per wk. to $35-$70. Provision made for paying difference between workmen's compensation and disability benefits (5) Improved hospital, surgical and medical benefits including: full reimbursement for semi-private and ward accommodations, special hospital expenses fully reimbursed up to $250 and 75% thereafter (6) Improved pension plan (7) Improved life insurance	Result of contract expiration. Contract term—3 yrs.
Ordnance				
United States Defense Corporation St. Louis, Mo. *Machinists, AFL-CIO*	877 WE 11-28-55 (signed 1-10-56)	$.0791 per hr.	None	Result of contract expiration. Contract term—1 yr.

Wage Adjustments Announced Prior to February 15, 1956—Continued

Company and Union(s)	No. and Type of Employees Affected:* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Paper and Paper Products				
Gaylord Container Corporation, Div. of Crown Zellerbach Corporation Miami, Fla. *Pulp, Sulphite and Paper Mill Workers, AFL-CIO*	50 WE 10-31-55 (signed 12-5-55)	*n.a.*	(1) 40-hr. workwk. (2) 6 pd. hols. (3) Call-in pay (4) 1½ times pay for overtime and hols. worked (5) 1 wk. vacation after 1 yr., 2 wks.' after 3 yrs., with additional wk.'s pay after 15 yrs. (6) Jury duty differential pay (7) Seniority (8) Grievance procedure	First contract. Contract expires 12-15-56
Petroleum and Coal Products				
Gulf Oil Corporation Interstate *Union and Nonunion*	30,000 WE & S	6% ($.15 per hr. min.—WE $26 per mo. min.—S)	*n.a.*	Result of voluntary offer by the company — Nonunion Collective Bargaining Agreements—Union
Socony Mobil Oil Company, Inc. Interstate *Union and Nonunion*	32,000 (approx.) WE & S 2-1-56	Same as above	*n.a.*	Same as above
Standard Oil Company of New Jersey Interstate *Union and Nonunion*	35,000 WE & S 2-1-56	Same as above	*n.a.*	Same as above
Primary Metals				
Kaiser Aluminum Company Erie, Pa. *UAW, AFL-CIO*	224 WE 12-1-55	$.075 per hr., plus $.025 per hr. av. inequity adj.	(1) Pension plan established (2) Hospital plan liberalized	Result of contract expiration. Contract term—3 yrs
Rubber Products				
General Tire and Rubber Company Wabash and Logansport, Ind. *Rubber Workers and Teamsters (both AFL-CIO)—WE* *No union—S*	1,472 WE 12-5-55 331 S 12-1-55	$.11 per hr.—WE $15 to $30 per mo.—S	Insurance and pension plans	Result of wage reopening Contract expires 11-30-56—WE
Services				
International Association of Machinists Fort Worth, Tex. *Office Employees, AFL-CIO*	10 WE 9-1-55	$.05 per hr.	8-hr. workday including 30 mins. for lunch	Result of contract expiration. Contract term—1 yr
New England Transportation Company Conn., Mass., R. I., *Street Railway Employees, AFL-CIO*	115 WE *n.a.*	$.03 per hr., add'l $.02 per hr. after 6 mos.	None	Result of contract expiration. Contract term—1 yr
Conn., Mass., N. Y., R. I. *Machinists, AFL-CIO*	75 WE 11-1-55 (signed 12-21-55)	$.08 per hr., add'l $.07 per hr. 1956 and again in 1957	(1) 1 add'l pd. hol. (2) Company pays ½ Blue Cross	Result of contract expiration. Contract term—3 yrs
The Pennsylvania Railroad Company Interstate *Railroad Workers Division of TWUA, AFL-CIO*	22,500 WE 12-1-55 (wages) 11-16-55 (hols.)	$.135 per hr., add'l $.04 for carmen (about 7,000)	7 pd. hols. (but only hols. falling on a workday of the workwk. of the individual employee)	Result of notice served by the union for wage and rules changes. Indeterminate contract
Transportation Equipment				
Douglas Aircraft Company, Inc. Santa Monica, El Segundo and Long Beach, Calif. *Southern California Professional Engineering Association, ind.*	2,700 S 1-2-56	4% to 7%	3 wks.' vacation after 12 yrs. instead of 15 yrs. Upgrading of certain jobs.	Result of contract expiration. Contract term—1 yr

Company and Union(s)	No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Scovill Manufacturing Company Waterbury, Conn. *UAW, AFL-CIO*	3,800 WE 12-19-55	$.15 per hr. (pkge.), add'l $.10 per hr. 12-10-56	(1) Pensioners and dependents included in Blue Cross & Blue Shield (2) Bargaining unit employees' Blue Cross coverage extended (3) Disability increased to $40 per week from $35 under limited conditions	Result of contract expiration. Contract term—2 yrs.
Sheller Manufacturing Corporation Portland, Ind. *UAW, AFL-CIO*	500 WE 11-6-55 (signed 12-2-55)	$.075 per hr.	1 add'l pd. hol.; total 7	Result of contract expiration. Contract term—2 yrs.

* WE, wage earner; S, salaried personnel; n.a. not available.
** Fringe benefits include all benefits received by workers at a cost to employers.

(Text continued from page 111)

Union, AFL-CIO, are these: (1) wage increases averaging 13 cents an hour; (2) a Ford-type supplemental unemployment benefit plan; (3) a company-financed pension plan, including vesting provisions and early retirement; and (4) increased benefits for disability, hospital, surgical and medical expenses. While deferred increases are omitted in the Harvester agreement, the wage increase granted exceeds the average hourly increase of all settlements in this period by about five cents. Starting at 11 cents per hour for production and maintenance workers, Harvester increases range up to 36 cents an hour for die sinkers and related occupations. Provisions for supplemental unemployment benefits adhere to the auto industry pattern in that the laid-off eligible worker may receive total benefits up to 65% of take-home pay for the first four weeks of layoff, and thereafter 60% of take-home pay up to a maximum of twenty-two additional weeks. The Harvester agreement also includes major medical insurance for employees and dependents, as well as increased life insurance.

Wage Increases in the Oil Industry

The 6% wage rise offered by major oil companies to both union and nonunion employees would boost wages by a minimum of 15 cents an hour for hourly workers and a minimum of $26 per month for salaried employees. This increase is considerably higher than the increases tabulated and confirmed by The Conference Board for the oil industry during 1955. The most frequently reported cents-per-hour increase last year in this industry was between 9 and 12 cents. And of the twenty-nine adjustments reported, only three, or about 1%, were 15 cents or higher. The six percentage increases confirmed last year ranged from 2% to 4.5%, compared with the present 6% increase.

Both union and nonunion personnel are affected by the general wage increase. About 75% of the 43,000 domestic employees at Socony Mobil Oil Company have accepted the offer. At Gulf Oil Corporation, with most negotiations with the unions completed, about 30,000 employees have accepted. A similar situation prevails at Standard Oil Company of New Jersey where 35,000 union and nonunion personnel are covered.

Other increases voluntarily granted by employers to nonunion, salaried employees are: A 5% increase was given by the Brown Shoe Company; this is in line with the 5% raise agreed to by the company and the Boot and Shoe Workers, AFL-CIO. A monthly increase of from $15 to $30 was given by General Tire and Rubber Company in conjunction with the 11-cent hourly increase bargained by the company and the Rubber Workers and Teamsters, AFL-CIO.

Douglas Aircraft Agreement with Engineers' Union

Douglas Aircraft's agreement with the Southern California Professional Engineering Association (independent) provides increases to professional (salaried) engineers ranging from 4% to 7%. In addition, several professional job classifications have been upgraded. A fringe increase provides for three weeks' vacation after twelve years' service instead of fifteen years. Negotiations with technical (hourly paid) engineers affiliated with the Southern California Professional Engineering Association were not conducted concurrently with those for professional engineers. Negotiations with the technical engineers are scheduled for April, along with negotiations for hourly paid employees in other bargaining units.

Labor Union Agreement with Office Employees

As the employer, the International Association of Machinists in Fort Worth, Texas, concluded an agree-

ment with the Office Employees, AFL-CIO, which grants a wage hike of 5 cents an hour. The one-year contract, signed in December, is retroactive to September 1 and provides for a wage reopening in March. An eight-hour day is also provided that includes a thirty-minute lunch period.

Pennsylvania Railroad Contract with United Railroad Workers

The agreement between the Pennsylvania Railroad Company and the United Railroad Workers, a division of the Transport Workers Union of America, provides an hourly increase of 13.5 cents to some 22,000 employees. About 7,000 carmen get an additional increase of 4 cents an hour for freight-car work and inspection. Though slightly less than the increase granted by the Eastern, Western, and Southern Carriers Conference Committee to various railroad brotherhoods, the 13.5-cent boost is identical to that of the Hotel, Restaurant and Bartenders Union, which is affiliated with the Carriers Conference Committee.

The agreement further provides that if, at any time, a health and welfare plan is established, all or any part of which is to be paid for by the company, rates of pay will automatically be reduced by 4 cents an hour, or by an amount necessary to pay the cost of the company's contribution to the plan. In this respect the contract is also similar to that negotiated with the railroad brotherhoods.

On the fringe side, seven paid holidays are granted, providing that the holiday or the day observed falls on a workday of the individual employee's workweek. The provision relating to holidays is retroactive to November 16, whereas the effective date on wages is December 1.

The forty-one settlements tabulated for this period affect more than 90,000 wage and salaried employees. Details of most of these settlements are shown in the table beginning on page 112.

Mitchell Meyer
N. Beatrice Worthy
Statistical Division

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No. 49—Company Policies on Donations:—II. Written Statements of Policy
No. 48—Training Dealers

In the March Business Record

Electing Company Boards—How widespread are company provisions for cumulative voting? And how frequent their use? This survey article sets forth the answers of 556 companies.

Business Peak and Business—Is business at the peak, near it, or just past it? Where we're at in relation to the peak is important, but even more important is the fact that "aggregate conditions no longer have a trend" and that "from here to midyear it is likely to be every industry for itself." This situation lends stability to the economy and "makes it difficult" to build a case for "a synchronized downturn in the next twelve months. . . ."

The Top 200 in Trade—A sequel to the October, 1954, listing, when only the top hundred were included. Still heading the list is the Great Atlantic and Pacific Tea Company. Food chains, in fact, accounted for the largest portion (39%) of the aggregate sales of the 200, which totaled $30.4 billion.

Metals: Supply and Demand—Generally speaking, both have been heavy but the former not heavy enough for the latter. A rundown on the situation, what's being done to meet it, and the general prospect are given for aluminum, copper, lead, zinc and steel by industry men in the know.

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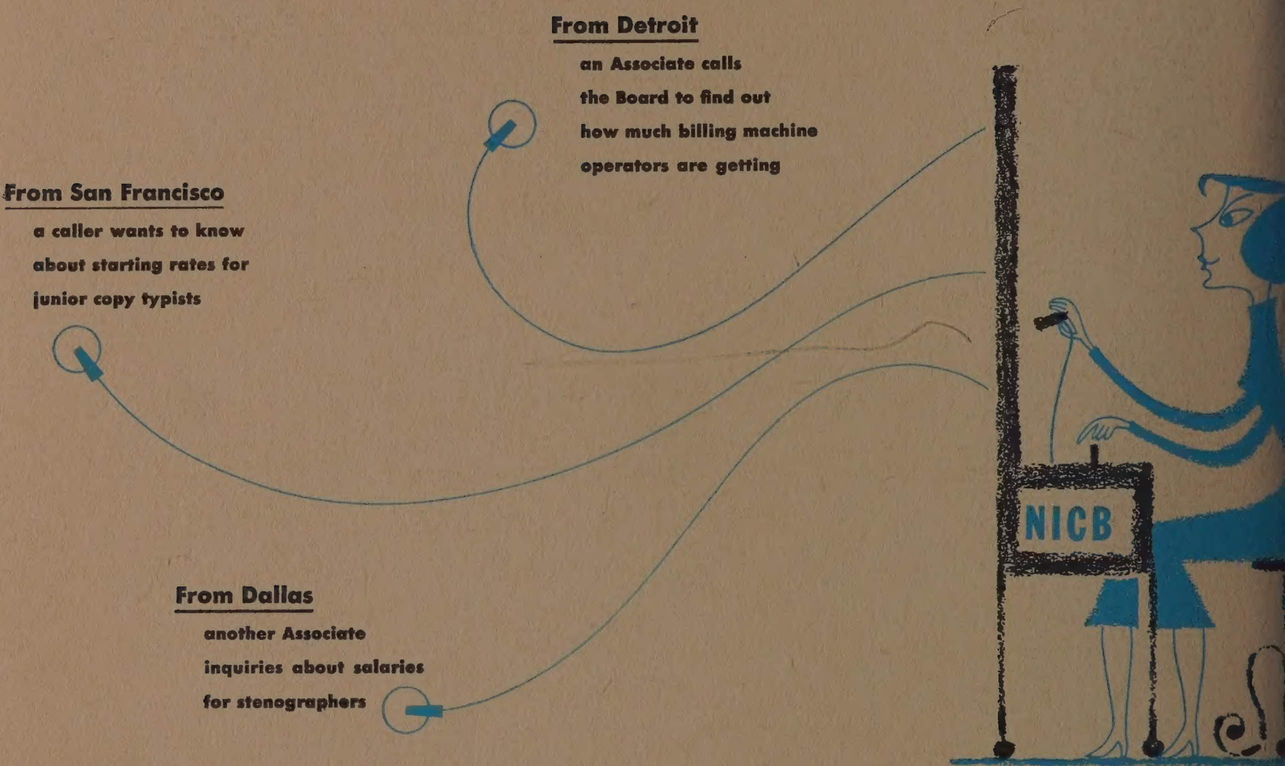

INQUIRIES like these come into the Board from Associates all over the country. For instance, a new plant is going into operation in the Middle West; the personnel manager wants to compare the rates they are offering clerical help with rates in Chicago and Kansas City.

Or a company is negotiating a union contract with its office employees and wants to check on the union's wage demands. It also wants to know about the length of the work-week, and the union status of other companies in the area.

Or a long-established firm is faced with new and vigorous competition for secretarial help in the three metropolitan areas where its plants are located. Is its salary scale out of line?

Obviously in these and many other circumstances a company needs to have an accurate picture of clerical salary rates in the area where it operates. The Board's new "Clerical Salary Survey" supplies this information, along with data on hours worked, union status, etc. Fourteen jobs in twenty cities are covered, with two cities added this year—Dallas and Kansas City. This compact twenty-four page report was recently mailed to Associates. If you do not have a copy, write the Board and ask for:

CLERICAL SALARY SURVEY *Studies in Labor Statistics*, No. 16